

**ANNUAL GOVERNANCE STATEMENT 2018/19**

**1 Purpose**

- 1.1 The purpose of this report is to present the committee with the draft Annual Governance Statement for 2018/19 prior to its inclusion in the Statement of Accounts.
- 1.2 The Annual Governance Statement has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16 following the principles set out in the CIPFA Delivering Good Governance in Local Government Framework (2016).
- 1.3 The preparation and publication of the Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2011. The Council is required to conduct a review at least once in a year of the effectiveness of its governance framework including the system of internal control, and to prepare a statement on internal control "in accordance with proper practices".

**2 Recommendations for decision**

- 2.1 The Audit Committee is requested to:
  - (a) Review the Annual Governance Statement 2018/19.
  - (b) Consider the robustness of the Council's governance arrangements
  - (c) Approve the AGS prior to its inclusion in the Statement of Accounts

**3. Supporting information**

- 3.1 Once it has been approved by the Audit Committee, the statutory Annual Governance Statement will be signed by the Leader of the Council and the Head of Paid Service at the same time as they sign the Annual Statement of Accounts.
- 3.2 The assurance gathering process is based on the management and internal control framework of the Council.

**4. Options considered**

- 4.1 None – this is a statutory requirement.

**5. Reasons for Recommendation**

- 5.1 To comply with legislation

**6. Resource implications**

- 6.1 There are no resource implications to report.

# Annual Governance Statement 2018/19

## Introduction

The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

Aylesbury Vale District Council (AVDC) 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. AVDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

AVDC is responsible for putting in place proper arrangements for ensuring good corporate governance. These are embedded in the constitution, policies and procedures. We have not approved and adopted a separate single code of corporate governance. However, the principles to which the Council operates are intended to be consistent with those contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.

## What is Corporate Governance?

Corporate Governance refers to “*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*” (The International Framework: Good Governance in the Public Sector, CIPFA/IFAC, 2014). The International Framework also states that:

*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.*

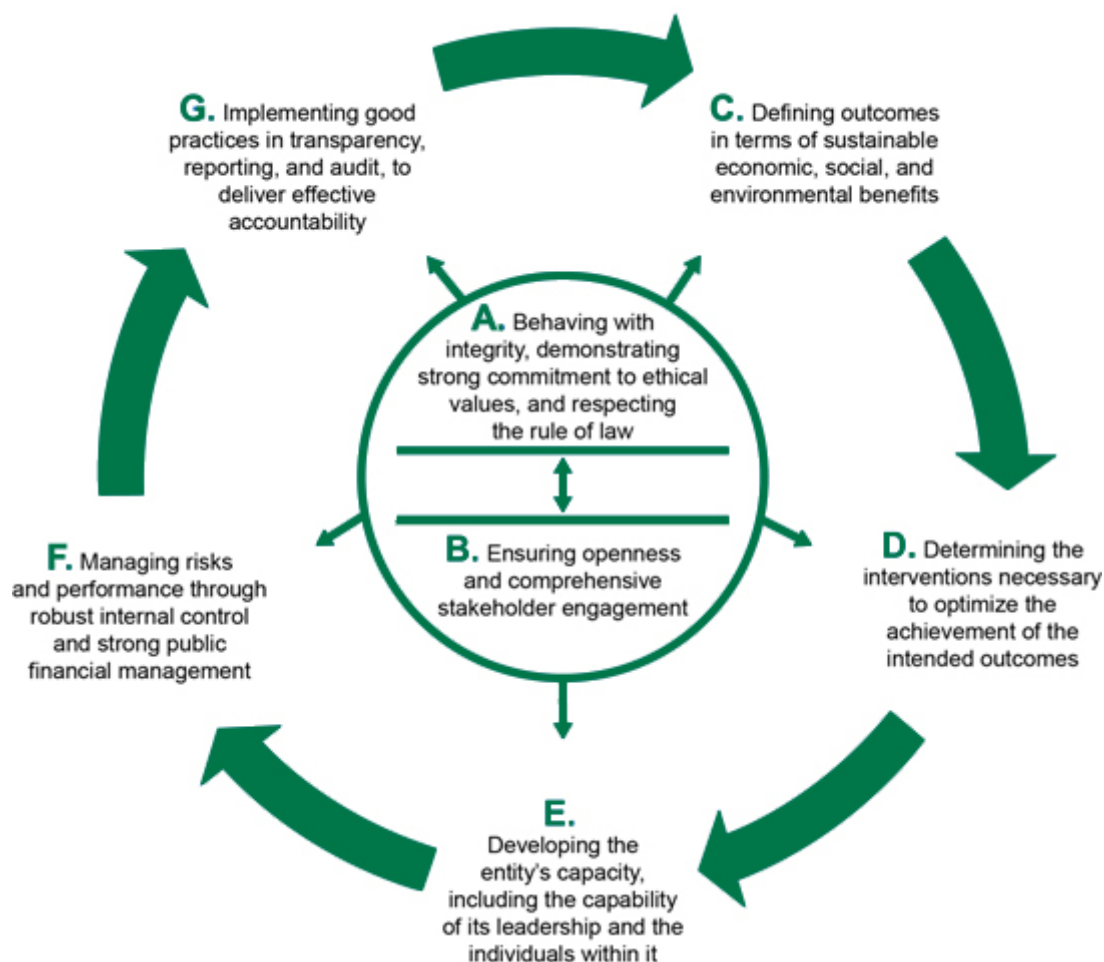
*Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.*

Our governance arrangements aim to ensure we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that our public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

## The principles of good governance

The diagram below, taken from the International Framework, illustrates the various principles of good governance in the public sector and how they relate to each other. Both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016 require that the Framework be adopted as ‘proper practice’.

Our governance framework comprises the systems, processes, culture and values, by which AVDC is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables us to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.



## How do we know our arrangements are working?

Each year we (AVDC) review our corporate governance processes, systems and the assurances on the governance framework and report this in the Annual Governance Statement. This Annual Governance Statement builds upon those of previous years. It summarises the governance framework which has been in place for the year ending 31 March 2019 and up to the date of approval of the statement of accounts and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively and positively support our aims and objectives. We recognise that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

# A

## Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

All our councillors meet regularly together as the council. Most of these meetings are open to the public who can either attend in person or view the meeting via a live webcast. The conduct of AVDC's business is defined by formal procedures and rules, which are set out in the constitution.

The constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the 'Codes of Financial Management and Procurement' and the 'Code of Conduct for Members'.

## Council

Consists of 59 elected councillors, covering 33 wards. The council appoints the Leader who in turn appoints the cabinet. Council holds the cabinet and committees to account. They decide the council's overall policies and set the budget each year.

### Overview & Scrutiny

Four scrutiny committees, support the work of cabinet and council as a whole. They can hold public inquiries into matters of local concern. These lead to reports and recommendations which advise the cabinet and the council on its policies, budget and service delivery.

Scrutiny committees monitor the decisions of the cabinet. They can 'call-in' a decision which has been made by the cabinet but not yet implemented. This enables them to consider whether the decision is appropriate and they can recommend that the cabinet reconsider the decision. They may also be consulted by the cabinet or the council on upcoming decisions and the development of policy.

### Leader & Cabinet

Cabinet is made up of a leader and 7 councillors, each appointed for 4 years. The Leader is appointed by the council and then appoints a Deputy Leader and Cabinet Members.

The cabinet meets every month. Meetings are generally open to the public although some meetings or parts of meetings are held in private.

Cabinet's role is to develop, propose and implement policy. It guides the council in the preparation of its policy framework, including setting the budget and council tax levels. It discharges all executive functions not discharged either by a cabinet member or through delegation to officers.

### Regulatory Committees

#### Strategic Development Management

Carry out council's functions as a local planning authority for large growth related developments.

#### Development Management

Carry out council's functions as a local planning authority for functions not falling under the remit of the Strategic Development Management Committee.

#### Licensing

Carry out council's non-executive functions relating to licensing and registration.

#### Audit

Provide independent assurance of the adequacy of risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance, and oversee financial reporting process.

Our **Chief Executive** is supported by the **Senior Management Team**, comprising 2 Directors and 5 Assistant Directors\*.

The council, cabinet and committees are responsible for

Senior Management Team are responsible for



\*Since the end of the 2018/19 financial year the Chief Executive and one Director have resigned. The Head of Paid Service and Section 151 Officer posts are currently fulfilled by the remaining Director. In the context of the move to a new single council for Buckinghamshire, the vacant positions have not been filled.

## Our constitution

Our constitution is available on [our website](#) and sets out how we operate, how decisions are made and the processes that are followed to ensure decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect good practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers in ensuring that processes are in place to ensure we meet our statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues.

The statutory posts are:

- Head of Paid Service
- Chief Finance Officer (Section 151)
- Monitoring Officer
- Returning Officer/Electoral Registration Officer

The constitution has been updated to reflect recent changes in senior management, including the Scheme of Officer delegations which was approved by Council in May 2018.

## Standards of behaviour for members and staff

Member behaviours are governed by a code of conduct which is set out in the constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies, charities

and pressure groups. The Code of Conduct was reviewed earlier this year having regard to the guidance issued by the Parliamentary Committee on Standards in Public Life. The revised Code was adopted by full Council on 17 April 2019.

All members of the council have completed a register of their pecuniary and personal interests. Specific refresher training, covering various aspects of the Code of Conduct and the completion of the Register of Interests form, has been provided to members this year.

The constitution also includes protocols covering member/officer relations, member involvement in commercial transactions and a members' planning code of good practice. The Corporate Governance Manager conducted a full review of the protocol regarding commercial companies owned by the council during the year. The revised guidance to the creation and working with companies in which AVDC has financial interest was approved by full Council in February 2019.

There is a three-stage procedure for dealing with complaints that members have broken the code of conduct.

A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues, to any conflicts of interest and deals with matters such as accepting gifts and hospitality.

All new officers undertake mandatory online training within their first few days at work covering areas such as:

- Comments, Compliments and Complaints procedure
- Equality and Diversity
- Acceptable IT use
- Health and Safety
- General Data Protection Regulations
- Safeguarding

Information regarding our most up-to-date policies and procedures is also easily available to all employees and members via Workplace, our new internal communications tool. Introduced in 2019, Workplace enables easier access to information whether in the office or out and about and also encourages open discussion about policies, best practice and new ideas.

## B

### Ensuring openness and comprehensive stakeholder engagement

We appreciate the importance of engaging openly with all our stakeholders to ensure we continue to meet their needs and expectations efficiently and allowing them to be part of the decisions that affect them. Some examples of how we have communicated with our stakeholders over the past year include:

- In November 2018, the Secretary of State for Housing, Communities and Local Government announced a single **unitary authority** for Buckinghamshire. We are now working in collaboration with the other Buckinghamshire councils (Buckinghamshire County, Wycombe District, South Bucks District and Chiltern District) to create a brand new council for the future. To enable the new council to provide residents, businesses and other stakeholders with the best possible service, we are continuing to work with stakeholders including Parish/Town councils and local businesses to understand what really matters to them and develop a council that meets their needs most effectively.
- **The Vale of Aylesbury Local Plan (VALP)** was submitted for examination by an independent planning inspector in February 2018 and is currently awaiting final approval. VALP will manage and direct the growth of our district, including new homes, infrastructure and commercial opportunities, through to 2033 in a way that will protect what makes our district a special place. Each significant stage of the Plan has been subject to extensive public consultation and engagement with Parishes, surrounding districts, county councils, Local Economic Partnerships and central government. A summary of the key updates from the VALP process is available on the website.
- Aylesbury will accommodate most of the growth identified in VALP and this has been reflected in the Government awarding Aylesbury with **Garden Town status**. We are working in partnership with Buckinghamshire County Council, Homes England plus two Local Enterprise Partnerships (Buckinghamshire Thames Valley and South East Midlands) to make the best use of the Government funding provided. A number of events have taken place to develop the masterplan including a pop-up exhibition to introduce the project to the wider public and gather initial feedback and workshops with employees and members.
- In 2018, we appointed a **Parish Liaison Officer** to further strengthen our relationship with the parishes within our district. We continue to communicate with the parish councils through a regular newsletter providing relevant news and updates.
- On 8 March 2019, **The Exchange** public space was officially opened. This development was conceived following extensive stakeholder consultation supported by funding from SEMLEP's Local Growth Fund. The area has been designed to be fully accessible; featuring gentle slopes for people using pushchairs, wheelchairs or other mobility aids.

We use a variety of methods for consulting and communicating with local residents and other interested parties both to help guide our decision making and ensure everyone is kept up-to-date.

For maximum effectiveness, the channels used on each occasion are selected based on the target audience and the purpose of the communication. Our regular communication channels include:

- AV Times - a residents' magazine delivered to all households within the district
- Media relations - a pro-active programme with our local media (radio, TV, newspapers)
- Parish and community noticeboards
- Poster sites across the town centre
- Targeted literature



- Social media - our social media platforms include Twitter, Facebook, LinkedIn, Next Door and Instagram, giving different parties the opportunity to engage with us in the most convenient way for them
- Monthly eNewsletter - sent to registered residents with news from around the Vale

For consultations we use methods ranging from quantitative self-completion questionnaires to focus groups. Details of how to join these consultations are communicated through the channels above.

We also use our communication channels to support partner organisations such as an annual survey on behalf of the Community Safety Partnership, which in 2019 received over 500 responses.

To help our residents, we also work with our partners to provide additional support and/or advice. This includes:

- Running a **hoarding support group** in conjunction with Bucks and MK Fire and the Vale of Aylesbury Housing Trust
- In December 2018, AVDC became a **Friends Against Scams** organisation, helping protect and prevent people from becoming victims of scams
- Promoting local and national campaigns such as the **Great British Spring Clean** and the **#KnowThisIsntLove** campaign

## C

### Defining outcomes in terms of sustainable economic, social, and environmental benefits

Our vision statement sets out what AVDC is working to achieve.

**“To secure the economic, social and environmental wellbeing of the Vale”**

To enable us to realise our vision, everyone at AVDC is working:

- To **enable essential infrastructure for growth and sustainability** of the area, be it physical or social
- To **ensure fair and speedy access to essential services** and their referral to partners
- To **provide a healthy and dynamic institution** for making effective decisions about the area, to which everyone can contribute
- To **stimulate, innovate and enable economic growth** of the area, its regeneration and the attraction of inward investment
- To **provide or commission services and products** that customers and businesses have agreed add value to their lives

Our vision is the foundation for everything we do, across all services. By referring back to the vision statement, we ensure that we continue to move in the same direction, adapting and growing, whilst keeping the wellbeing of our residents and businesses at the centre of everything we do.

#### Improving customer service

The Customer Charter outlines our commitment to Aylesbury Vale residents, which includes providing them with effective communication and being knowledgeable about their services. This underpins all communication with customers and provides the targets against which we measure the effectiveness of the service.

As part of our commitment to continual improvement we continue to develop our customer service offering. Our online services such as Webchat and our Amazon Alexa skill are continuing to be successful, and renovations to our customer service centre have made it more welcoming and easier to access.

In October 2018, we revised and simplified our Comments, Compliments and Complaints policy. The wording of the policy has been made easier to understand and the webpage where the policy can be found has been updated with improved navigation - making it simpler for residents to find the information they're looking for.

## D

### Determining the interventions necessary to optimise the achievement of intended outcomes

AVDC is organised into five business sectors; Business Strategy and Support, Digital and Transformation, Commercial Property and Regeneration, Community Fulfilment and Customer Fulfilment. This structure helps us operate as a streamlined and efficient organisation focused on providing the services our customers and communities really want in a cost-effective way.

Our SEED (Social Enterprise Entrepreneurial Development) team was established to help AVDC and other councils and public sector organisations develop and implement new ways of working to create value for themselves, their residents and customers. The team have visited numerous councils sharing AVDC's experience, both the positive and the negative, in order to help them achieve. For example, there are now 51 community lotteries around the UK which are based on the Vale Lottery model, many of which have been facilitated by AVDC and these are generating over £2,000,000 nationwide for good causes. Within the Vale, the lottery to date has raised over £235,000 which has enabled local good causes to access funding which previously would have been available through council grants. AVDC is proud to be able to continue to support these local schools, animal charities, disability groups and other good causes.

Following the success of the Vale Lottery, AVDC has also introduced Our Vale, a crowdfunding initiative to further help local good causes. Our Vale offers the chance for individuals and organisations to donate to projects which will help transform shared spaces, inspire visitors and enhance Aylesbury Vale. Since it began in 2018, Our Vale has successfully funded four projects and over £275,000 has been pledged.

As part of the Digital and Transformation sector, our Connected Knowledge Technology Strategy 2017-2022 sets out the vision and strategic aims we have for our future use of technology and data. Connected Knowledge is designed to be the catalyst for technological innovation and change, thereby propelling our organisation into the future. The programme is intended to support the council with the necessary tools, policies, people and environment that further enhances the commercial mindset and company culture. We are already widely acknowledged as championing this agenda within the public sector.

The November 2018 Council report, 'Connected Knowledge: Phase I and II Look Back' describes many of the achievements of the programme to date, including realised and anticipated future savings. This was all set out before the decision to move to a single Unitary authority for Buckinghamshire and it is unknown this stage how the new Buckinghamshire Council will take the Connected Knowledge programme forward from 1 April 2020.

### Medium term financial strategy and budget planning

Considerable effort at member and officer level has been directed at establishing a budget framework that covers future years and marries the need to identify efficiency savings and new income streams with corporate priorities. This work has once again delivered a balanced budget proposal for 2019/20.

General Fund revenue reserves and balances have been determined with full consideration of the risks identified. They are, therefore, deemed to represent a sufficient level of provision against the

potential financial risk inherent within the Medium Term Financial Plan, provided the council stays focused on delivering its targets.

Budget planning has been undertaken over an appropriate period of time and has allowed full understanding of the issues in an operational and financial context. Every effort has been made to include all members in the financial planning process through the circulation of reports and associated information. Two members' seminars dealing with budget planning issues were held. The views expressed during the scrutiny process have been fully considered by Cabinet.

Consideration has been given to corporate priorities, residents' views and the council's Risk Register in formulating the budget proposals.

The budget formulation process at officer level has been subject to on-going review which has tested the validity of pressures and deliverability of savings options in order to ensure that members have been made aware of all aspects and implications of actions when formulating the budget proposals.

Historically, in facing resource uncertainty, AVDC has always faced up to its financial challenges and created bold and innovative solutions. These are not without risks, and the council's risk appetite has needed to change and expand in the face of the greater challenges facing the sector, and against the backdrop of preserving core services this strategy is both warranted and justified.

## **Programme and project management**

In recognition of the amount of change required to deliver our strategy and continually improve customer service, during the year we have continued to invest in our project management capabilities. Our Programme Management Office (PMO) team is responsible for defining and maintaining standards for programmes and projects at AVDC. The team create, maintain and supply standard documentation, guidance and metrics to be used by the whole organisation in order to ensure good governance in delivering programmes and projects.

# E

## Developing the entity's capacity, including the capability of its leadership and the individuals within it

We offer a comprehensive training and development programme for all our staff and members. Details of all the training opportunities available are communicated through Workplace, digital screens, internal posters and where appropriate, targeted emails. This programme includes:

- Induction process with an introduction to how we work
- Online training modules
- Annual staff conference
- Bite-size training sessions on a variety of topics to help individuals understand how processes and/or other teams work within the organisation
- Joint coaching scheme with Buckinghamshire County Council
- Events focused on particular areas of development for example Mental Health Week



Through the introduction of Workplace, we have also encouraged employees to share best practice or top tips with colleagues. The interactive communication tool also enables employees to easily ask for help from their colleagues from across all teams.

We also run regular surveys to encourage staff and members to share their views regarding various aspects of working for the council. This includes giving the opportunity to suggest future training and development sessions.

Apprenticeships are encouraged across the council, for both new and existing members of staff. Our Apprenticeship Strategy for 2017-2022 identifies the potential for Apprentices to make a huge contribution to creating the skilled and aspirational workforce that meets the needs of Aylesbury Vale for the future. This understanding of the value of Apprentices in filling potential skill gaps, has been instrumental in the development of our Town Planners Graduate Scheme, which targets students nearing the end of relevant degrees offering them the chance to join AVDC to develop their skills in town planning.

In 2018, we also implemented our innovative Grow Our Own programme to help us find and develop enthusiastic, commercially-minded, motivated people to help us deliver our ambitious plans. Through the programme we offer 12-month fixed term contracts for returners to work and school leavers, giving them the opportunity to work across a variety of teams while learning new skills and building confidence.

An all-party Member Development Steering Group is also in place to oversee, monitor and help progress delivery of learning and development for elected members to meet individual and corporate needs and in particular planning, licensing and safeguarding.

### Continuous improvement

Our commitment to supporting continuous improvement is underpinned by our REACH programme. This flexible approach to performance reviews focuses on individual and team development, supported by ongoing feedback. REACH conversations between employees and their line manager take the form of regular (at least 4 times a year) "check-ins". Individuals and teams are encouraged to actively seek feedback from colleagues, customers and managers to help develop and improve what they do.

# F

## Managing risks and performance through robust internal control and strong public financial management

We have a process in place for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of our objectives and service priorities. Responsibilities for managing individual risks are clearly allocated. Risks are regularly reviewed with the Strategic Board and the corporate risk register is routinely reported to Audit Committee and Cabinet.

Oversight and assurance over the management of key risks is also provided by a number of corporate governance groups, including, for example:

- Information Governance Group
- Health and Safety Strategic Board
- Safeguarding Group
- Business Continuity and Emergency Planning
- Finance Steering Group
- Major Capital Projects Development
- Connected Knowledge Programme Board
- Waste and Operations Transformation Board

Performance management through regular review and reporting of real-time management information against service level and corporate targets has been further developed through 2018/19. Dashboard reports are shared regularly with the Senior Management Team and Cabinet. Enhanced use of technology platforms is being embraced to ensure accurate, reliable information is available to inform decisions.

### Compliance with relevant laws and regulations, internal policies and procedures

We ensure compliance with established policies, procedures, laws and regulations through a range of measures, including:

- Awareness, understanding and training carried out by internal officers and external experts
- The drawing up and circulation of guidance and advice on key procedures, policies and practices
- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Director with responsibility for Finance) and the Monitoring Officer

The Corporate Governance Manager develops a risk based annual audit plan which includes consideration of compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Internal and external audit updates and reviews are reported to the Audit Committee.

Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to AVDC where, in his opinion, a proposal, decision or omission by AVDC, its members or officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman. It has been necessary for the Monitoring Officer to issue two reports for the year 2018/19. Both matters were related to Council Tax and Housing Benefit processes and measures have been taken to ensure they do not happen again.

The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the council. No such formal reports have been issued during the 2018/19 financial year.

Our policies and procedures are reviewed and updated to respond to changes in legislation or enhancements in best practice working.

## Information governance and data protection

The new General Data Protection Regulation (GDPR) came into force in May 2018. In November 2017 a programme of work commenced to ensure any significant gaps in terms of compliance with the new regulations were fully addressed. Good progress has been made in completing this, including:

- Information asset registers and record retention schedules have been developed identifying the data held by teams, how long this data needs to be held for and outlining the procedures for disposing of data records.
- Privacy Notices and Terms and Conditions have been updated. These are currently being reviewed as part of the transition to the new Buckinghamshire Council.
- 100% of staff and Members had completed mandatory online training by the end of January 2019 and this now forms part of the induction process.
- Data Stewards have been appointed across the council, providing teams with the help and support they require.
- Engagement with suppliers to update terms and produce a risk assessment of the activities they carry out on our behalf.

Information governance is overseen by the Information Governance Group (IGG) which is chaired by the Director with responsibility for Finance who fulfils the role of Senior Information Risk Owner (SIRO). The Assistant Director for Business Strategy and Support is the Data Protection Officer. This group comprises of managers from key departments who are empowered to take decisions on information management.

In October 2017, our Information Management Strategy was approved. This provides a foundation to help us continually improve by promoting better, more creative management of information, encouraging appropriate sharing and transparency, while ensuring data security and compliance with data protection legislation. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and keep it up to date. The IGG routinely receives reports on any data breaches and monitors the actions taken in response to them.

# G

## Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

As part of our commitment to transparency and making information available to residents and businesses, we publish relevant data such as our contracts register on our [website](#). Most of our council meetings are also open to the public with agendas and minutes available to download from our [website](#).

Our commitment to transparency is further demonstrated through the open publication of all internal audit reports and the corporate risk register.

### Whistle-blowing and complaints procedures

The Whistleblowing Policy and reporting procedures are available on [our website](#). This forms part of the Anti Fraud and Corruption Policy Strategy. There have been no whistle-blowing reports in 2018/19.

There has been no use of the Regulation of Investigatory Powers Act during 2018/19. There was an Inspection Report by the Office of the Surveillance Commissioner (dated 9 June 2016) which recommended that the council revise its RIPA Policy document with some minor amendments. These amendments have been made and were purely for clarification and updating purposes. There was no criticism of the council and the arrangements were considered satisfactory. The next inspection was due in 2019 and was in the form of a questionnaire on a risk assessed basis, there was no physical inspection.

Our updated Customer Comments, Compliments and Complaints Policy includes a public document explaining the process. There are also detailed procedures for employees who are dealing with a complaint. All employees are required to complete the Customer Comment, Compliments and Complaints e-learning module.

The Standards Committee considers any complaints made against members relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on our [website](#). There were no complaints against councillors which led to a full investigation in 2018/19. There were a total of 17 councillor Code of Conduct complaints (against a total of 14 councillors - different complaints were made by the same complainant against the same member) that did not proceed beyond Stage 2 Initial Assessment (of the 14 councillors, 2 were district councillors and 12 were parish councillors). The Code of Conduct was reviewed during the course of the year to improve clarity and ease of understanding. The Code was approved by Council on 17 April 2019 after having compared it with the guidance resulting from a review by the Committee on Standards in Public Life. The Standards and Complaints process was due for review but this work has been put in abeyance pending the need for the new Buckinghamshire Council to have its own Code of Conduct and Standards Complaints process.

### Anti-fraud and corruption

The Corporate Governance Manager and the Director responsible for Finance are responsible for developing and maintaining AVDC's anti-fraud and corruption strategies. CIPFA's 'Code of Practice on managing the risk of fraud and corruption' supports organisations seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption. We have assessed our level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and a high level action plan has been developed to strengthen our position. Fraud awareness training was provided for managers in summer 2017.



# Review of Effectiveness

AVDC has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within AVDC who have responsibility for the development and maintenance of the governance environment, the Corporate Governance Manager's (Head of Internal Audit) annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance framework enables us to identify any areas of our activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. The annual review of effectiveness has considered the following areas:

- the authority
- the executive
- the audit committee / finance and scrutiny committees
- the standards committee
- Internal audit
- Chief Financial Officer
- Other explicit review/assurance mechanisms

The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

## Internal Audit

Our internal audit operates under regulation 6 of the Accounts and Audit Regulations and in accordance with the CIPFA Public Sector Internal Audit Standards.

The Head of Internal Audit (Corporate Governance Manager) is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control).

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Where recommendations for the improvement of controls or systems are made at the end of an internal audit review, these are agreed with the responsible managers together with details of the required action and an expected date for implementation. Any concerns regarding overdue actions are reported to the Audit Committee as part of the regular progress reports.

Based on the results of the work undertaken during the year, the Head of Internal Audit's overall opinion is that governance, risk management and control in relation to business critical areas is

generally satisfactory. However, there are some weaknesses in the framework of governance, risk management and control which potentially put the achievement of AVDC's objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control. Further details are provided below.

## Significant governance issues and action plan

During the year, internal audit reports highlighted a number of weaknesses were identified that should be reported in the Annual Governance Statement. These relate to the "high risk" findings identified in the reviews of General Ledger and Commercial Waste.

### *General Ledger Reconciliations*

Over the last few years AVDCs Connected Knowledge digital strategy has delivered a number of new cloud based systems in core service areas, including Regulatory Services and Waste. The scale and pace of system implementation has meant that plans have not always included sufficient detail on financial management and control implications. The lack of automated integration with the General Ledger at the point of go-live has resulted in the need for manual workarounds. In some areas there is either inadequate, or no evidence of, reconciliation being performed. There is therefore some risk to the accuracy and completeness of data held on the finance system. This also creates inefficiency in some of the billing processes whereby Services manually provide information from which finance raise invoices; automated interfaces between these systems and the general ledger would improve accuracy, completeness and efficiency of the billing process.

A "Finance Process Improvement Project", is underway to implement the priority recommendations arising from this audit in the context of the transition to a Unitary authority.

### *Commercial Waste*

The Commercial Waste audit was performed during September/October 2018. At the time a high risk was identified as site risk assessments had not been completed for a large number of commercial waste customers. Each site from which commercial waste is collected should be assessed to identify any risks that may pose a threat to the safety of collection crew and the general public. This should be undertaken prior to the adoption of a new customer and at set intervals thereafter to allow mitigations to be put into place to manage any risk of physical harm. There were also no controls in place to re-assess a site at a set interval and to keep track of when these re-assessments are due.

Action was immediately taken by management to address the risks identified. Follow up work has confirmed that site risk assessments are complete for all customers and a procedure is in place to ensure they are completed before a new account is approved.

### *Action plan*

Progress in addressing the outstanding issues outlined above will be monitored by the Audit Committee through its oversight of internal audit work.

During the year the agreed actions arising from audit reports have been kept under review by Internal Audit and regular reports on overdue actions have been provided to the Audit Committee. A total of 113 audit actions have been completed during the year and progress is being made to address all outstanding actions. There are no significant issues to report regarding the follow up of any audit recommendations. Significant improvements have been made in the following areas which were highlighted in the previous year's Annual Governance Statement:

- Housing benefits - Following the high risk audit report in 2017/18, continued improvements have been made to processes and controls. This has been demonstrated by a significant reduction in processing times for new applications and change of circumstance. There is widespread use of software to data match HMRC details for applicants and targeted projects to undertake 100% checks on identified risk areas. These improvements can be attributed to strength in management and a restructure of staff to ensure specialist benefits officers focus on higher risk cases, a further developed training plan and continued monthly quality checks.
- Management Information - A number of internal audit reports highlighted inadequacies in the level of management information, both at a corporate and service level to enable effective monitoring and oversight of both financial and non-financial performance, and to inform decisions. It is noted that significant progress has been made on capturing and reporting corporate level performance indicators and performance dashboards are regularly reviewed by the Corporate Management Team and Cabinet. Financial management information has also been further developed and the Finance Business Partner model is working well with better system reporting and monitoring by managers.
- Company Governance – In January 2019, the Audit Committee received a report confirming that all 22 recommendations arising from the June 2018 review of the Council's governance arrangements over its investment in Aylesbury Vale Broadband (AVB) had been implemented. The "Guide to Creation and Working with Companies in which AVDC has a Financial Interest" was updated accordingly and approved by full Council in February 2019. This will be taken forward to further strengthen the governance arrangements over current and future commercial interests.

# Approval of the Annual Governance Statement

This statement explains how AVDC has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations, which requires all relevant bodies to prepare an annual governance statement in accordance with proper practices in relation to internal control.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems in place.

Signed:.....

Leader

Signed:.....

Head of Paid Service

On behalf of Aylesbury Vale District Council