

BUCKINGHAMSHIRE COUNTY COUNCIL

DRAFT Annual Governance Statement 2017/2018

Introduction

We are responsible for making sure that our business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically and efficiently.

We also have a duty under the [Local Government Act 1999](#) to put in place proper arrangements for:

- the continuous improvement of our functions
- the governance of our affairs, including those of the Local Government Pension Scheme, which includes arrangements for the management of risk.

The Annual Governance Statement explains how the County Council has complied with the Governance Framework. It also meets the requirements of [Regulation 6 of the Accounts and Audit Regulations 2015](#) in relation to the publication of the statement of internal control.

Executive Summary

The Annual Governance Statement (AGS) provides an account of the processes, systems and records which demonstrate assurance for the effectiveness of the framework of governance of the County Council's discharge of its responsibilities. This principally covers the period April 2017 to March 2018, as well as covering the period to July 2018, when the accounts are signed.

Scope of Responsibility

The County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically and efficiently.

The County Council is also responsible for putting in place proper arrangements for the governance of its affairs (including as pension fund administrator), the effective exercise of its functions and the management of risk. The Council has approved and adopted a Constitution, and has a number of internal documents, which set out the corporate governance framework for the Council consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". The Buckinghamshire County Council Constitution is on the BCC website, www.buckscc.gov.uk.

This statement explains how the County Council has complied with the Governance Framework and also meets the requirements of the Accounts and Audit Regulations 2015.

How we demonstrate good governance



The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of not achieving policies, aims and objectives and can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the Council of not meeting its policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. BCC has the following arrangements in place regarding its key systems and processes which comprise the authority's governance framework:

Policy, Planning and Decision Making

The current (published) Strategic Plan 2017-2020 is focussed on delivery of three themes:

- Safeguarding our Vulnerable
- Creating Opportunities and Building Self Resilience
- Keeping Buckinghamshire Thriving and Attractive

The Strategic Plan provides the focus for the improvements and changes in service delivery that are being made in all areas of the Council. Underpinning the Strategic Plan are four Business Unit Plans which act as action plans, bringing together budget, performance, and project and risk data under several objectives.

<https://www.buckscc.gov.uk/services/council-and-democracy/our-plans/our-strategic-plan/>

Policy and decision making is undertaken via a Leader and Cabinet Structure with Cabinet Member portfolios. All key policies are equality impact assessed. In addition to the Council and Cabinet, there are six standing committees and 19 established Local Area Forums/Local Community Partnerships. The local area forums/local community partnerships have a remit to discuss and propose local issues to the Cabinet through local area planning arrangements and to advise on council expenditure. Members of the public can raise issues of local concern and discuss these with their councillors. Every Committee report is subject to a review by the Director (Legal); the Council's Monitoring Officer; and, the Director of Finance (S151), to ensure that the Council is acting lawfully and that the risk implications of reports requiring a decision have been identified. Cross-organisation joint committees are established where it is appropriate.

The Council has a statutory Regulatory and Audit Committee which oversees the regulatory and governance functions of the Council such as reviewing the work of

the Business Assurance Team (including Internal Audit and Risk Management) and External Audit. This Committee are the custodians of the Council's Constitution and provide independent assurance to the Council on risk management and internal control, and the effectiveness of the arrangements the Council has for these matters. This Committee also provides overview to the financial reporting process. The Committee meets at least quarterly and seeks to strengthen the assurance framework of the Council and also receives quarterly progress reports on internal control and risk management. There is a Risk Management Group which operates under the direction of the Committee, chaired by the Chairman of the Regulatory and Audit Committee and comprises of members of the Committee, the Chief Internal Auditor, S151 Officer and Monitoring Officer. This Group is responsible for monitoring and reviewing the adequacy and effectiveness of the risk management strategy and processes. The Group routinely reports to the Regulatory and Audit Committee.

The Council operates a Code of Conduct. The Regulatory and Audit Committee has the responsibility for ensuring that the Council continues to uphold high standards of behaviour and oversee standards policy and strategy development and member training, while hearings relating to standards complaints will be heard by members of the Appeal and Complaints Committee, that will be formed as required from the group of members on the Regulatory and Audit Committee.

The Council operates a scrutiny function through four Select Committees: Children's Social Care and Learning Select Committee; Transport, Environment and Communities Select Committee; Finance, Performance and Resources Select Committee; and, the Health and Adult Social Care Select Committee.

The Council obtains stakeholder views through a number of different ways, as outlined on the public website, coordinated by Strategy and Policy. Stakeholder views are considered as part of standard reporting that underpins decision-making.

Monitoring of Performance and Compliance

The Council has a duty to ensure that it acts in accordance with the law and various regulations, including European Commission Directives, in the performance of its functions. The Council has developed policies and procedures for its members and staff to ensure that, as far as possible, all understand their responsibilities both to the authority and the public. These procedures and policies are laid down in the Constitution, Standing Orders, Financial Regulations, Local Management in Schools Handbook and service procedure documentation.

The Council has adopted Codes of Conduct for its Members and staff and provides training in these areas as part of induction programmes. The Council's Monitoring Officer is responsible for monitoring and reporting on significant breaches of the Member code to the Regulatory and Audit Committee. Member training events are frequently held and attendance is recorded. The Council's Anti-Fraud and Corruption Framework (which includes whistle blowing) applies to all stakeholders, and is reviewed annually by the Regulatory and Audit Committee.

A joint finance and performance monitoring report is discussed quarterly at Cabinet and monthly by the Corporate Management Team Budget Board. This also includes the key financial risks identified by the Finance Directors within each of the Business Units

The CMT have executive responsibilities for overview in ensuring that services are delivered in accordance with Council policy and procedures.

The Council has a duty to manage its risks effectively. This is achieved through various mechanisms. The key corporate risks are reviewed on a quarterly basis by the CMT. The Risk Management Group considers significant service, contract and project risks to the authority, and reviews the consistency with which the risk management process is being applied across the Council. The Chief Executive, via the Director for Finance and the Chief Auditor, is responsible for Officer and Member awareness and providing guidance and training to enhance understanding of how to implement risk management in accordance with responsibility.

The Business Assurance Team includes the Internal Audit Service, and provides assurance to the Council and the Director of Finance (S151 Officer) as to the adequacy of the Council's financial and operational systems.

The Internal Audit Annual Report was presented to the Regulatory and Audit Committee on 25 July 2018. The Chief Auditor concluded providing reasonable assurance on the system of internal control has been unqualified for 2017/18.

There were four "limited assurance" reports issued by Internal Audit during the year, concluding that there were not the necessary controls in place to give assurance that the system's objectives will be met:

- Carrington Junior School
- Downley School
- Hannah Ball School (Follow Up)
- Highworth Combined School and Nursery

Actions plans are in place to address the issues raised by the audits.

Financial Management of the Council

The Council has a statutory responsibility under the Accounts and Audit Regulations 2015 for ensuring that the financial management arrangements are adequate and effective and that there is a sound system of internal control that facilitates the effective exercise of the Council's functions. The Director of Finance has the statutory responsibility under Section 151 of the Local Government Act 1972 for the proper administration of the Council's financial affairs and specifically to:

- Maintain accounts and financial records to meet the requirements of Statutes, Regulations, Accounting Conventions and Codes of Practice.
- Be responsible for maintaining an independent audit function to carry out an examination of accounting, financial and other operations of the Council.
- Put in place financial standards across the Council to deliver a framework for financial control, provide accurate, timely and consistent monitoring information and sound advice on financial decisions to be made by officers and members.

In 2010 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Statement on the “Role of the Chief Financial Officer in Local Government”. This outlines the principles that define the core activities and behaviours that belong to the role of Chief Financial Officer and the governance requirements needed to support them. The Director of Finance undertakes the role of the Chief Finance Officer, conforming with the governance requirements of the CIPFA statement as outlined below:

- The Director of Finance is a member of the Corporate Management Team, helping it to develop and implement strategy and to resource and deliver the County Council’s strategic objectives.
- The Director of Finance is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the Medium Term Financial Strategy.
- The Director of Finance leads the promotion and delivery by the County Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- The Director of Finance leads and directs a finance function that is adequately resourced to be fit for purpose.
- The Director of Finance is professionally qualified and suitably experienced.

The Council currently has a four year medium term financial strategy, under which it plans its finances. This is considered by the Cabinet and CMT and approved by the Council. The Council sets annual revenue and capital budgets that are reviewed by the Finance, Performance and Resources Select Committee. Budgets are monitored throughout the year.

The Council has a set of Financial Regulations and Standing Orders which form part of the Constitution. Executive Directors are required to maintain systems and processes within their Business Unit ensure they keep accurate financial records, comply with the financial control framework and take timely actions to keep spend within budget. There is a Finance Director within each Business Unit with responsibility for ensuring that financial management and financial control is operating effectively.

Under the management structures within each Business Unit, accountable to the Executive Directors, Service Managers have considerable responsibility with respect to finance. These responsibilities include maintaining a proper system of budgetary control, maximising income and ensuring grant claims are submitted on time and ensuring that adequate financial controls are in place. Each service operates a Scheme of Financial Delegation that sets out the type and level of financial delegation given to named officers within the service. The Schemes of Financial Delegation are approved by the Executive Director and by the Director of Finance (S151 Officer).

The Council’s external auditors provide independent scrutiny of the control mechanisms and the accuracy and legitimacy of the Council’s financial transactions. The external auditors also consider the Financial Management arrangements, and provide an opinion on value for money systems.

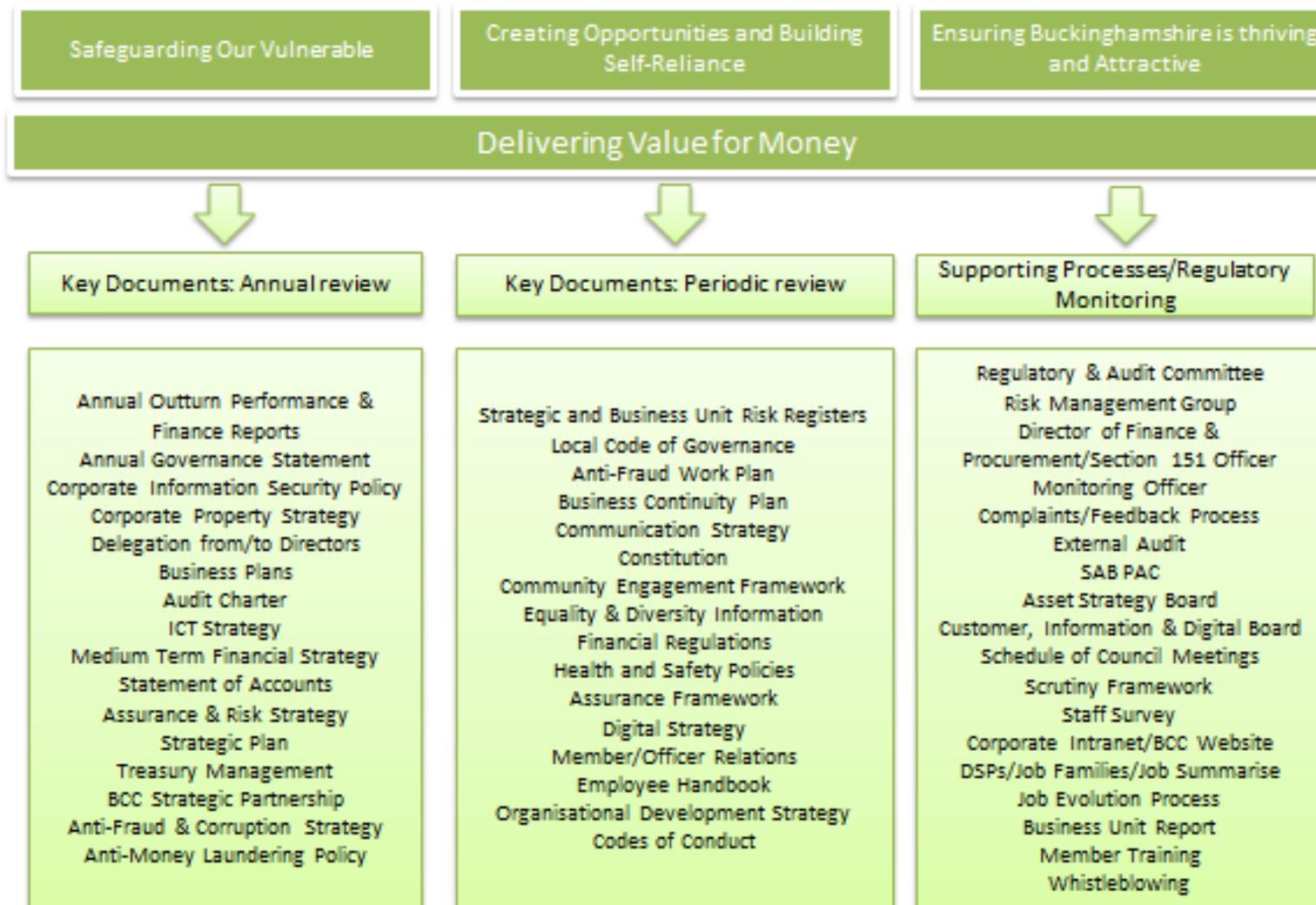
A Scheme of Delegation that sets out the powers delegated to officers, the Financial Regulations and Contract Standing Orders form part of the Constitution.

Economic, Effective and Efficient Use of Resources and Continuous Improvement

Service Managers are responsible for ensuring that they adopt the principles of continuous improvement and value for money. Finance Directors in each Business Unit provide monitoring and scrutiny of the financial management processes. The Procurement Team work with all Business Units to ensure purchasing decisions maximise the economic, effective and efficient use of resources.

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Buckinghamshire County Council Corporate Governance Framework



4. Review of effectiveness

BCC has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The Council's review of effectiveness is an on-going process, using outcomes from many of the procedures described above. All outcomes are considered by the officers responsible for developing the Annual Governance Statement.

The review which has been undertaken for the purposes of this statement has relied upon the work of the Chief Executive, Director of Finance (S151 Officer), the Monitoring Officer, Professional Leads and the Business Assurance Team.

The Council:

- Agrees our annual budget in accordance with the Council Plan priorities;
- Receives the Treasury Management Strategy and an annual report;
- Has agreed the Constitution that sets out the decision making structure, delegated authority and Financial Regulations which underpin the internal control framework.

The Cabinet:

- Monitors performance against the Corporate Objectives;
- Makes key decisions subject to inclusion on the forward plan;
- Considers and reviews budget monitoring reports on a quarterly basis;

The Regulatory and Audit Committee:

- Consider external auditor reports;
- Consider annual and quarterly reports from Internal Audit;
- Review and agree this Statement;
- Review and agree the final accounts;
- Consider issues of key risk identified by the Corporate Risk Register or specifically raised by the Chief Auditor
- Reviews the Treasury Management Strategy and Annual Report

Select Committees:

- Oversees and scrutinises decisions made by the Cabinet.

Pension Fund Committee:

- Oversees all matters relating to the BCC Pension Fund.

Management Teams:

- CMT receive regular reports in relation to assurance (e.g. financial, risk, audit, performance).

Internal Audit and Risk Management (Business Assurance Team):

- Provide objective and independent assurance to the Council on operational and financial controls via delivery of an agreed audit plan;
- Where identified as a result of audit work, significant internal control weaknesses have been reported to Executive Directors and Service Directors at the conclusion of each audit. A quarterly report of significant findings is made to the Regulatory and Audit Committee.

Professional Leads

- Responsible for ensuring policies and procedures are maintained and complied with across the Council, providing an evidence based assurance opinion; and

External Audit and Inspectorates:

- The Director of Finance meets the External Auditors on a monthly basis and any concerns they have regarding the internal control environment are raised. These meetings become more frequent during the closing of the accounts process when any material weaknesses or issues are raised;
- The External Auditor's reports are considered by the Regulatory and Audit Committee.
- The External Auditor, Director of Finance, and the Chief Auditor meet regularly to discuss areas of risk and to agree work plans to ensure good co-ordination of resources.
- The outputs from the various Inspectorates are used by Service Directors where applicable to inform their certificate of assurance self- assessment.

5. Significant governance issues

It should be noted that governance issues facing the organisation are not necessarily always a result of weaknesses within the internal control framework. The following are the key matters arising from the review of 2017/18 including the outcome of the actions set out in last year's AGS. The 2017/18 AGS Action Plan is set out in appendix 1:

Contract Management Framework

Areas of non-compliance with the use of the Contract Management Application (CMA) software were identified towards the end of 2017/18 resulting in a loss of confidence in the routine management reporting established to provide assurance over the performance and effectiveness of contract management arrangements for all major contracts.

The Commissioning and Supplier Management Group (chaired by the Executive Director for Transport, Economy and Environment) has developed an improvement programme to address a number of weaknesses embedded across the organisation relating to commissioning and contract management. This was presented to the Corporate Management Team in May and the Risk Management Group in May, and will be monitored on a regular basis. Actions being implemented to address these weaknesses include:

- Development of the Supplier Relationship Management (SRM) Improvement Plan which will restore confidence in the performance and effectiveness of contract management arrangements for all major contracts.
- Revision of training, skills, development material and user reference points.
- Investigation of technical integration between Management Information systems.
- Adoption of common mandatory information in CMA set up.
- Designated resourcing from each BU to own and deliver against revised management instructions.

Technology Services

The Director of Technology Services left the Council in October 2017, and interim arrangements were put in place for the service which led to a delay implementing the existing ICT Strategy. The new Interim Director of Technology Services joined the Council in May 2018 and following his review of the Strategy the priorities have been revised to reflect recent issues with the stability of the Council's network.

Children's Services

The OFSTED report published in January 2018 rated Children's Services as 'inadequate' overall despite acknowledging a number of improvements since the previous inspection.

The report noted positive improvements in the political leadership, with a stronger focus on the priority of children's services, and through a new Chief Executive, Director of Children's Services (DCS) and complete new leadership team, that BCC had started to make substantial inroads on performance and leadership issues.

In July 2018 the report of the Commissioner for the Department for Education (DfE) concerning the position and future of Children's Services in Buckinghamshire County Council was published. The report notes the continued positive direction of travel and stated that "*clear political commitment backed as it is now is by an exceptionally strong core of senior officer leadership, Chief Executive, DCS and Assistant Director, I can see no valid case for the introduction of an Alternative Delivery Model in Buckinghamshire*".

Despite the improved leadership drive, commitment and capability to pursue the improvement journey without external support, the Council has opted to engage with an Improvement Partner to chair the Improvement Board and provide oversight and challenge throughout the journey.

A detailed Improvement Programme has been developed to respond to the weaknesses identified, and a robust governance structure is in place to monitor and challenge delivery of the programme.

2016/17 AGS Action Plan

Significant progress has been made to address the weaknesses identified in the 2016/17 AGS. The updates are provided in Appendix 2.

Declaration

We have been advised on the implications of the result of the review of effectiveness by the Regulatory and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed
Chief Executive

Signed
Leader of the Council

25 July 2018

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Appendix 1 – 2017/18 AGS ACTION PLAN

Governance Issue	Action to be taken	Responsible Officer	Timescale
Contract Management	Develop and implement improvement programme to deliver the lessons learnt from recent contract failures and alternative delivery vehicle governance issues	Supplier Relationship Manager	March 2019
Technology Services	Production of revised ICT Strategy including timescales for delivering key priorities.	Executive Director of Resources	November 2018
Children's Services	<p>The following required improvements were noted in the July 2018 DfE report and will be embedded within the Improvement Programme:</p> <ul style="list-style-type: none"> • A revised early help offer that links much more closely with social care activity and an improved MASH and includes close attention to the content and understanding internally and externally of thresholds for intervention. • Investing specifically in leadership and management development for the SLT and, as already planned, for team managers. • Embedding a new organisational culture that will support social work practice. • This should include re-balancing a performance and audit framework in order to place an equivalent focus on the content as well as the metrics of case work performance. • To support this there needs to be a systematic approach to engagement with front line managers and practitioners to ensure they take full accountability for their own performance but also have a sense of transparency and ownership for the direction of the improvement work. • Reviewing the role and structure of the child protection conference chairs and Independent Reviewing Officers. • Developing a fully realised transformation plan that will set out a vision for how the service will deliver high quality social work and related services 	Executive Director of Children's Services	Update to be provided November 2018 (specific timescales to be detailed in the Improvement Programme Action Plan)

Appendix 2 – 2016/17 AGS ACTION PLAN

Governance Issue	Action to be taken	Responsible Officer	Timescale for completion	Status
Business Continuity Plans	Business Continuity Plans to be maintained with reasonable assurance over completeness and application, including through the supply chain.	Resilience Manager	March 2018	There is still ongoing work with the supply chain, however progress has been made in some areas.
Embedding the Operating Framework and system of assurance	Review the effectiveness of Operating Framework and update to reflect current structures. Routine reporting to the CMT and the Regulatory and Audit Committee on the three lines of assurance	Director of Finance and Assets/Chief Auditor	Sept 2017 March 2018	The Operating Framework is being replaced by the Local Code of Governance due to be launched September 2018.
Data Quality for the management of cyclical maintenance and inspection of plant and equipment.	Actions identified by the Professional Lead to be implemented and tested to ensure confidence in their application and effectiveness following embedding of new contract arrangements.	Head of Strategic Assets	March 2018	Completed
Contract Management	Develop and implement improvement programme to deliver the lessons learnt from recent contract failures and alternative delivery vehicle governance issues	Commercial Director	March 2018	Carried forward to 18/19 AGS Action Plan