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| SUBJECT: | Annual Governance Statement 2015/16 |
| REPORT OF: | Director of Resources |
| RESPONSIBLE OFFICER | Rodney Fincham, Head of Finance |
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| WARD/S AFFECTED | All |

1. Purpose of Report

- 1.1 The purpose of this report is to provide Members with sufficient evidence so that they can:
- conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control, and
 - approve the statutory Annual Governance Statement for 2015/16.

RECOMMENDATION

Members are asked to:

- review the assurances provided,
- consider whether there are any other significant gaps in control / assurance; and then
- approve the Annual Governance Statement.

2. Background

- 2.1 Governance is defined as:

'Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner' (CIPFA / SOLACE).

It comprises the systems and processes, and culture and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

- 2.2 **Internal control** is the name given to the policies, procedures, systems and review mechanisms that are put in place to ensure that the organisation is subject to adequate management to ensure that the organisation meets its objectives.
Internal audit is one element of internal control.

- 2.3 The Accounts and Audit Regulations 2015 require that the system of internal control is reviewed at least once a year and that a governance statement is produced and included in the annual Statement of Accounts. The actual requirement is as follows:

3. A relevant authority must ensure that it has a sound system of internal control which

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

6.(1) A relevant authority must, each financial year

(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and

(b) prepare an annual governance statement;

(2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must

(a) consider the findings of the review required by paragraph (1)(a)

(i) by a committee; or

(ii) by members of the authority meeting as a whole; and

(b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of

(i) a committee; or

(ii) members of the authority meeting as a whole.

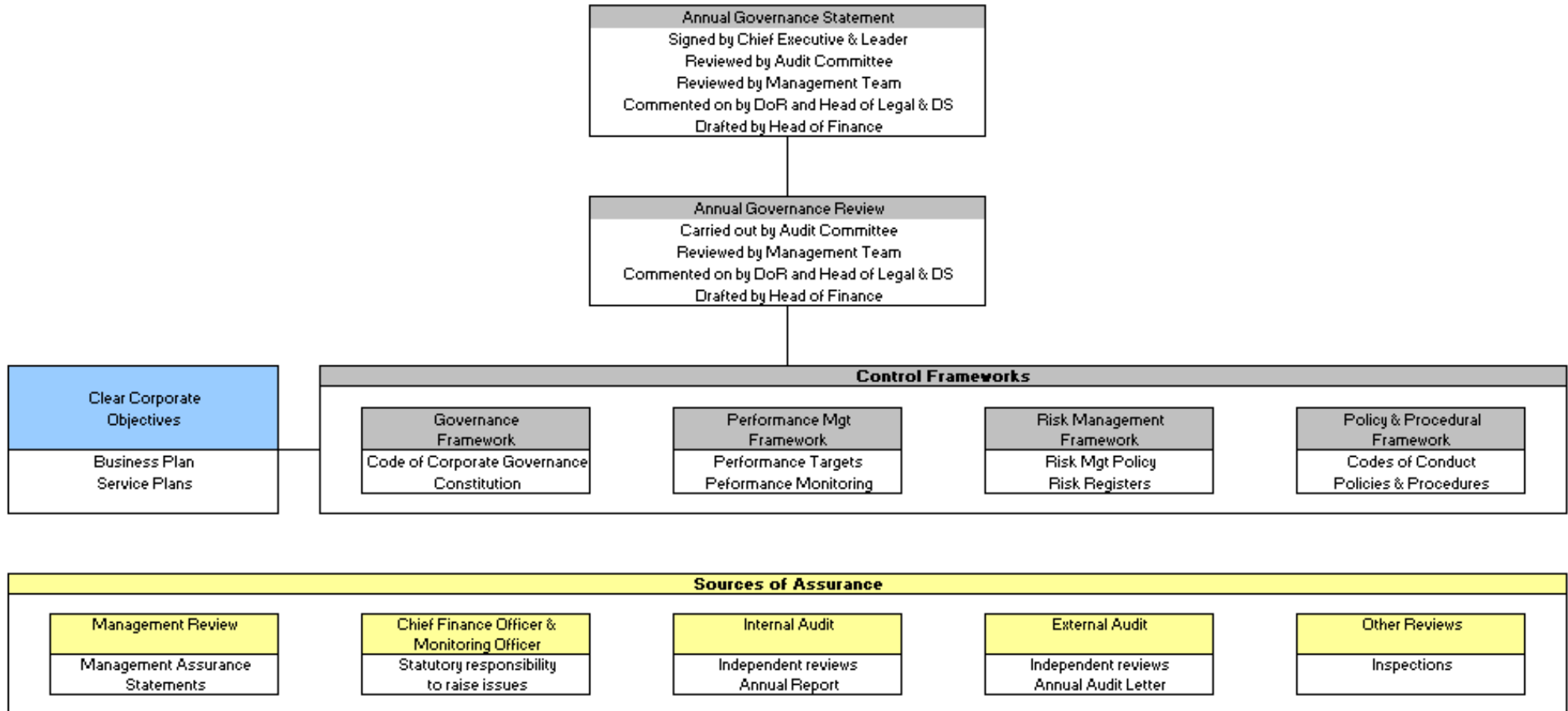
3. Responsibility for Undertaking the Review

- 3.1 The terms of reference for the Audit Committee encompass the responsibility, on behalf of the Authority, to conduct the review of internal control and be responsible for reviewing the Annual Governance Statement.

4. Overall Framework

- 4.1 The diagram overleaf summaries the Authority's Corporate Governance Assurance Framework.
- 4.2 Essentially for there to be good corporate governance there needs to be clear corporate objectives supported by four effective frameworks covering Governance, Performance Management, Risk Management and Policies & Procedures.
- 4.3 And in order to assess the arrangements it is helpful to draw on five sources of assurance namely – Management Review, Statutory Officer Review, Internal Audit, External Audit and Other Reviews.

Diagrammatic Representation of Corporate Governance Framework



5. Review of Governance Framework

5.1 CIPFA guidance recommends following 8 steps in order to carry out a review of Governance, as set out in the following table.

| | Requirement | Comment |
|----|---|---|
| 1a | Establish principal statutory obligations and organisational objectives. | This has been met by: <ul style="list-style-type: none"> Establishing the Council's aims and objectives Producing the Business Plan and Service plans Producing the other plans and strategies within the organisation. Further details with regard to meeting this requirement are included in Appendix 1a. |
| 1b | Apply the 6 CIPFA / SOLACE core [Governance] principles. | See analysis in Appendix 1b. No significant issues identified. |
| 2 | Identify principal risks to achievement of objectives. | This has been met by the production of strategic and operational risk registers. Further details with regard to meeting this requirement are included in appendix 2. |
| 3 | Identify and evaluate key controls to manage principal risks. | This is met as the risk registers require risks to be assessed and mitigating controls identified. Further details with regard to meeting this requirement are included in Appendix 3. The latest internal audit of risk management resulted in a 'reasonable assurance' rating. |
| 4 | Obtain assurances on effectiveness of key controls. | This is met as it occurs throughout the year as part of the ongoing management of the organisation. However for the purpose of the annual review of internal control it is useful to summarise the key sources of assurance and this is done in section 6 of this report below. |
| 5 | Evaluate assurances and identify gaps in control / assurances. | See section 7 of this report below. |
| 6 | Draw up an action plan to address weaknesses and ensure continuous improvement of the system of Corporate Governance. | The actions to be taken to address the weaknesses identified are detailed in the Draft Annual Governance Statement. |
| 7 | Produce Annual Governance Statement. | Draft statement included as Appendix 4. |
| 8 | Report to Members. | This report meets this requirement. |

6. Sources of Assurances

6.1 The following table summarises the five key sources of assurance, and the assurances obtained from these sources for 2015/16.

| Source of Assurance | Comment from Guidance | Assurance Obtained |
|--|---|--|
| Management and Member Review | Managers should routinely monitor and review the internal controls as an integral part of the risk management process. | Officers are: guided by the Council's aims and objectives; operate within the Council's rules and regulations; produce service plans; maintain risk registers; and regularly report on progress to Senior Officers and Members. In addition for 2015/16 all Heads of Service were required to complete a Management Assurance Return to highlight any weaknesses in internal control. |
| The Role of the Chief Finance Officer and the Monitoring Officer | The statutory functions undertaken by these two officers provide a key source of assurance that the systems and procedures of internal control that are in operation are effective, efficient and are being complied with on a routine basis. | During the year no significant issues have been raised by either the Chief Finance Officer (Director of Resources) or the Monitoring Officer (Head of Legal & Democratic Services). |
| Internal Audit | The relevant body is likely to take assurance from the work of Internal Audit as the Code of Practice for Internal Audit in Local Government requires the Head of Internal Audit to include in the annual Internal Audit report an opinion on the overall adequacy and effectiveness of the authority's internal control environment. Therefore provided the body can satisfy itself that Internal Audit operates to the standards set out in the Code, the relevant body is justified in taking assurance from this opinion. | The 2015/16 Annual Internal Audit Report contains Internal Audit's Annual Opinion. This states that <i>'In my opinion, South Bucks Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.'</i> |
| External Audit | External Audit are another potential source of assurance on the operation of internal controls although it should be noted that the audit reports / management letters will not cover the full range of activities and risks and that external auditors are not required to form an opinion on the effectiveness of the relevant body's corporate governance procedures or its risk and control procedures. | To date External Audit have not raised any significant issues of concern with Management. |
| Other Review Agencies and Inspectorates | The system of internal control covers the whole of the authority's operations. Aspects of these operations are subject to independent external review and these reports also provide the body with relevant assurance. | There have been no significant external reviews in the year. |

7. Gaps in Control and Governance Assurances

- 7.1 Governance and control issues are detailed in section 6 of the Annual Governance Statement (Appendix 4).
- 7.2 It is suggested that there are no other significant issues to add but Members are requested to consider whether there are any other significant issues of concern and whether these issues need to be disclosed in the Annual Governance Statement.

8. Annual Governance Statement

- 8.1 A draft Annual Governance Statement is included as Appendix 4.
- 8.2 Members are asked to review the draft Annual Governance Statement and consider whether changes are needed.

9. Corporate Implications

- 9.1 There are no direct financial, legal or human resource implications from this report.

10. Links to Council Policy Objectives

- 10.1 This report relates to the Authority's Corporate Governance Framework which underpins the effective operation of all the Council's activities.

11. Next Step

- 11.1 The Statement will be reviewed by external audit as part of their audit review process.
- 11.2 The Acting Chief Executive and Leader will be required to sign off the Annual Governance Statement and this will be published in the Annual Statement of Accounts.

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| Background Papers: | None |
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Appendix 1a: Evidence to Support Meeting the Requirement to Establish Principal Statutory Obligations and Organisational Objectives (Step 1a)

| Requirement A - There is a mechanism established to identify principal statutory obligations. | | |
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| Suggested measure | Evidence | |
| A1 - Responsibilities for statutory obligations are formally established. | The Authority's constitution sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. | ✓ |
| A2 - Record held of statutory obligations. | Service plans detail key statutory obligations in the key service aims and action plan sections. | ✓ |
| A3 - Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used. | Service managers keep up to date with legislative changes via their professional networks. The legal section also receives notification of changes in legislation including local government laws ie Lawtel updates, and subscription to planning and local government encyclopaedias. Where necessary managers write reports on substantive changes, and will update their procedures as required. | ✓ |
| A4 - Effective action is taken where areas of non-compliance are found in either mechanism or legislation. | If a non-compliance is found (eg during an audit) then the relevant service manager will update their procedures as required, and will report any substantive issues to the relevant member body. | ✓ |

| Requirement B – There is a mechanism in place to establish corporate objectives. | | |
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| Suggested measure | Evidence | |
| B1 - Consultation with stakeholders on priorities and objectives. | The Authority works within the Local Strategic Partnership framework and has consulted on its priorities. In addition for any major service changes (e.g. waste services, parking charges) the Authority has a well-established record of consultation. | ✓ |
| B2 - The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation). | A Business Plan was approved at Cabinet on 15 July 14. A refreshed Business Plan 2016 -2020 was approved by Cabinet on 20 April 2016. | ✓ |
| B3 - Priorities and objectives are aligned to principal statutory obligations and relate to available funding. | The Authority's priorities encompass the organisation's statutory obligations and the Business Plan is set based on an understanding of the available resources. | ✓ |
| B4 - Objectives are reflected in departmental plans and are clearly matched with associated budgets. | Individual service plans are produced for each service area in line with the actions agreed in the Business Plan, and the budget implications of the actions are considered as part of the budget setting process. | ✓ |
| B5 - The Authority's objectives are clearly communicated to staff and to all stakeholders, including partners. | The Authority's objectives are cascaded to all staff via team meetings and are published in the Business Plan. Key objectives for the year ahead are also mentioned as part of the annual staff briefings. | ✓ |

| Requirement C – Effective corporate governance arrangements are embedded within the Authority. | | |
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| Suggested measure | Evidence | |
| C1 - Code of corporate governance established. | The Authority adopted its code of corporate governance in 2007 – part of Constitution. The code is based on the CIPFA / SOLACE framework document for corporate governance in local authorities. | ✓ |
| C2 - Review and monitoring arrangements in place. | Officer and Member consideration of the Annual Governance Statement effectively covers this issue. | ✓ |
| C3 - Committee charged with Governance responsibilities. | The Audit Committee is charged with corporate governance responsibilities. | ✓ |
| C4 - Governance training provided to key officers and all members. | All staff have an induction which includes information about Governance eg the staff Code of Conduct etc. Training is provided as part of the induction process for Members following the Council elections. | ✓ |
| C5 - Staff, public and other stakeholder awareness of corporate governance. | The Statement of Corporate Governance is published in the Annual Statement of Accounts, which is available on the website. The Intranet also provides access for staff and Members to key policies and statements. | ✓ |

| Requirement D – Performance management arrangements are in place. | | |
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| Suggested measure | Evidence | |
| D1 - Comprehensive and effective performance management systems operate routinely. | There is a clearly defined performance management framework within the organisation. | ✓ |
| D2 - Key performance indicators are established and monitored. | Key performance indicators are established and reported to Cabinet and Overview & Scrutiny on a regular basis. | ✓ |
| D3 - The authority knows how well it is performing against its planned outcomes. | Performance against all performance indicators and key service objectives are reported to Cabinet on a regular basis. | ✓ |
| D4 - Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes. | When drawing up service plans previous and relative performance is considered. | ✓ |
| D5 - The authority continuously improves its performance management. | The Authority is continuing to develop and improve its performance driven culture. Steps are in hand to have a workforce strategy that is consistent across SBDC and CDC, This builds on the Harmonisation of T&C by putting in place joint HR policies and procedures, including a skills and competency framework linked to performance management. | Part |

Appendix 1b: Evidence to Support Applying the 6 CIPFA / SOLACE Core [Governance] Principles (Step 1b)

| <i>Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</i> | | |
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| The code should reflect the requirements for local authorities to | Evidence | |
| 1A - Develop and promoting the authority's purpose and vision | The Chiltern and South Bucks Strategic Partnership works to agree a Community Vision and Plan for the area, which is set out in the Sustainable Community Strategy. On an annual basis the Council reviews and updates its Business Plan which contains its aims and objectives for the future. The Council's aims and objectives underpin its service planning. The Council uses the Sustainable Community Strategy and its Business Plan to promote within its communities via its communications what its vision and purpose is. The Council also uses the formal mechanisms of the Local Development Document Framework to set down its vision for the area. | ✓ |
| 1B - Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements | Annual review and update of Business Plan with members. Periodic review of the Code of Corporate Governance. | ✓ |
| 1C - Ensure partnerships are underpinned by a common vision of their work that is understood and agreed by all partners | Key strategic partnerships identified. Guidance produced for officers and members on partnership working to underpin the Council's Partnership Strategy. | ✓ |
| 1D - Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance | Council Annual Report published. Annual Accounts and Statement of Assurance published. | ✓ |
| 1E - Decide how the quality of service for users is measured and make sure that the information needed to review service quality effectively and regularly is available | Part of the service and financial planning process, incorporates information on service quality. This is drawn from various satisfaction surveys and customer consultations undertaken. | ✓ |
| 1F - Put in place effective arrangements to identify and deal with failure in service delivery | Performance monitoring provides warning of any service delivery problems. This prompts management action. As performance information is seen by Members they are able to hold officers to account for improving performance. The Council has a published complaints procedure to enable individuals to draw to its attention issues of service failure or deficiency. The level of complaints is reported each year to the Overview & Scrutiny Committee. | ✓ |
| 1G - Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions | The joint service reviews assess how to improve Cost, Quality and Resilience. O&S carry out ad hoc reviews of areas of activity. | ✓ |

| <i>Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles</i> | | |
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| The code should reflect the requirements for local authorities to | Evidence | |
| 2A - Set out a clear statement of the respective roles and responsibilities of the executive and of executive members individually and the authority's approach to putting this into practice. | The Council's Constitution defines the roles and responsibilities of the Executive. | ✓ |
| 2B - Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers | The Council's Constitution defines roles and responsibilities of Members and senior officers. Job descriptions also set out officer responsibilities. | ✓ |
| 2C - Determine a scheme of delegation and reserve powers within the constitution including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of the relevant legislation and ensure that it is monitored and updated when required. | The Council's Constitution defines matters reserved for Council or Cabinet, and delegations made to specific Members or senior officers. | ✓ |
| 2D - Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management | The Constitution defines the responsibilities of the Chief Executive. | ✓ |
| 2E - Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained | The Council's Constitution includes protocols on officer member relations including those of the Chief Executive. | ✓ |
| 2F - Make a senior officer responsible to the authority for ensuring that appropriate advice is given on all financial matters for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control | The Constitution makes specific the requirement to designate a Chief Finance Officer for the authority. This is the Authority's s151 officer. The Chief Finance Officer is a member of the Management Team for the authority. | ✓ |
| 2G - Make a senior officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with | The Constitution makes specific the requirement to designate a Monitoring Officer for the authority. | ✓ |
| 2H - Develop protocols to ensure effective communications between members and officers in their respective roles | The Council's Constitution includes protocols on officer Member relations. | ✓ |

| The code should reflect the requirements for local authorities to | Evidence | |
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| <p>2I - Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel</p> | <p>The Council has an Independent Members Allowances Panel that reports to the Council. The Constitution specifies the responsibility of the Head of Paid service for determining the officer structure and grading. The Authority has a formal pay structure in place underpinned by an accredited Hay job evaluation scheme. Joint management posts were externally evaluated using national pay scales. The Council publishes its Pay Policy in line with regulatory requirements.</p> | ✓ |
| <p>2J - Ensure that effective mechanisms exist to monitor service delivery</p> | <p>Performance management arrangements are in place whereby targets are set in advance, built into service plans, and monitored regularly during the year. Service delivery and performance is reported regularly to members during the year.</p> | ✓ |
| <p>2K - Ensure that the organisations vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other stakeholders, and that they are clearly articulated and disseminated.</p> | <p>The Chiltern and South Bucks Strategic Partnership agrees a Sustainable Community Strategy for the area. On an annual basis the Council reviews and updates its Business Plan which contains its aims and objectives for the future. The aims and priorities of the Business Plan are disseminated to residents and partners.</p> | ✓ |
| <p>2L - When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority</p> | <p>Key strategic partnerships identified. Guidance produced on partnership working to underpin the Council's Partnership Strategy. All major partnerships have terms of reference.</p> | ✓ |
| <p>2M - When working in partnership - ensure that there is clarity about the legal status of the partnership - ensure that representation of organisations both understand and make clear to all other partners the extent of their authority to bind their organisations to partner decisions</p> | <p>Key strategic partnerships identified. Guidance produced for officers and members on partnership working to underpin the Council's Partnership Strategy. Roles and responsibilities of Members on partnerships, including Chiltern and South Bucks Strategic Partnership, clearly identified and included in South Bucks Partnership handbook.</p> | ✓ |

| <i>Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</i> | | |
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| The code should reflect the requirements for local authorities to | Evidence | |
| 3A - Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect. | The Council has adopted a local Code of Conduct for members under the Localism Act 2011 and all members have been briefed on the Code. | ✓ |
| 3B - Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols | Expectations of standards of conduct and behaviour by staff are made clear through a range of policies that staff are made aware of as part of induction processes and which they have easy access to through the intranet. These include: <ul style="list-style-type: none"> • Employees Code of Conduct • Anti-Fraud, Bribery and Corruption Policy • Whistleblowing policy • Dignity at work policy • Protocols on officer and member relations. Performance appraisal processes exist to re-enforce how staff should act, and as a means to highlight and correct any deficiencies. | ✓ |
| 3C - Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practise. | The Council has adopted a local Code of Conduct for Members under the Localism Act 2011 and all Members have been briefed on the Code, including the sections dealing with declaration of interests and the requirements in the Localism Act to declare pecuniary interests. Members complete annually Related Party Transaction forms. There is a public Register of Members' Disclosable Pecuniary Interests which is published on the Council's website and it is Members' responsibility to notify the monitoring officer within 28 days of any change. The local Code also requires members to register certain non-pecuniary interests, including the receipt of gifts and hospitality valued at over £50. This register is available for public inspection. Officers are required to complete gift and hospitality forms. | ✓ |
| 3D - Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners. | The Member and Employee Codes of Conduct which are part of the Council's Constitution promote shared values. The Employee Code of Conduct is based on voluntary code for Local Government employees. The Council has agreed a set of values, which are the enduring principles, standards and beliefs held by Chiltern and South Bucks District Councils. | ✓ |
| 3E - Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practise. | The Code of Conduct for Employees sets the requirement to act and behave in an ethical manner. A disciplinary procedure is in place to deal with breaches of the Code of Conduct. | ✓ |

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| <p>The code should reflect the requirements for local authorities to</p> | <p>Evidence</p> | |
| <p>3F - Develop and maintain an effective approach to maintaining and promoting high standards of conduct.</p> | <p>The Audit Committee has responsibility for ensuring the Council complies with the duty under the Localism Act to maintain high standards of conduct and for dealing with any allegations that members may have breached the local Code.</p> | <p>✓</p> |
| <p>3G - Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.</p> | <p>The Council has agreed a set of 'values' which are the enduring principles, standards and beliefs held by Chiltern and South Bucks District Councils.</p> | <p>✓</p> |
| <p>3H - In pursuing the vision of a partnership agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p> | <p>Key strategic partnerships identified. Guidance produced for officers and members on partnership working to underpin the Council's Partnership Strategy. Officers and Members are guided by the Councils Values.</p> | <p>✓</p> |

| Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk | | |
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| The code should reflect the requirements for local authorities to | Evidence | |
| 4A - Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible. | O&S Committee as established under the Constitution with terms of reference etc. The work undertaken by the O&S Committee. | ✓ |
| 4B - Develop and maintain open and effective mechanisms for documenting and recording the criteria rationale and considerations on which decisions are based. | Constitution specifies how decisions are to be published. Report writing guidance sets down framework to enable reasonable decisions to be taken and evidenced. Constitution / guidance is updated periodically. Last updated Feb 15. | ✓ |
| 4C - Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practise. | Members and Employees Codes of Conduct There is a public Register of Members' Personal Interests (including gifts) and it is Members' responsibility to update this within 28 days of any change. | ✓ |
| 4D - Develop and maintain an effective audit committee which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee | Audit Committee established under Constitution with terms of reference. Workplan and agendas evidence effective coverage of risk and control issues. | ✓ |
| 4E - Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints. | General Complaints Procedure and Member Complaint Procedure and forms on website Complaint forms also available from reception. Procedures / guidance is regularly updated. | ✓ |
| 4F - Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for purpose – relevant, timely and give clear explanations of technical issues and their implications. | Report writing guidance for officers. Member induction for Committees and other decision making bodies. Training is also provided for Members and Officers as appropriate. The Data Quality Strategy sets out guidance and responsibilities. Strategies / guidance is regularly updated. | ✓ |
| 4G - Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately. | Report writing guidance. Attendance of professional officers at meeting to advise members. Decisions properly minuted and evidenced. Guidance is regularly updated. | ✓ |
| 4H - Ensure that risk management is embedded into the culture of the Authority, with members and managers at all levels recognising that risk management is part of their jobs. | Risk management Policy and Strategy. Risk Management Guidance. Overview of key risks by senior management. Risk management is part of the competency requirement for senior managers. Strategies / guidance are regularly updated. | ✓ |

| The code should reflect the requirements for local authorities to | Evidence | |
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| <p>4I - Ensure that effective arrangements for whistle-blowing are in place to which officer, staff and all those contracting with or appointed by the authority have access.</p> | <p>Whistleblowing Policy for the Council. Policy is kept up to date.</p> | <p>✓</p> |
| <p>4J - Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities.</p> | <p>The Council has in place its Constitution, within which there is the requirement to have a Monitoring Officer.</p> | <p>✓</p> |
| <p>4K - Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law.</p> | <p>Role of Monitoring Officer. Report writing guidance emphasising need to seek legal advice on any new initiatives.</p> | <p>✓</p> |
| <p>4L - Observe all specific legislative requirements placed upon them, as well as the requirement of general law, and in particular to integrate the key principles of good administrative law, rationality, legality and natural justice, into their procedures and decision making processes.</p> | <p>The Council's Constitution which is regularly updated. Scheme of delegations, job specifications in place to ensure clear accountability of roles, and identification of competencies for roles.</p> | <p>✓</p> |

| Principle 5: Developing the capacity and capability of members and officers to be effective | | |
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| The code should reflect the requirements for local authorities to | Evidence | |
| 5A - Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis | Induction programme for members, including training and briefing events. Formal induction process for all staff defined by HR. Training and development needs assessed as part of annual staff appraisal process. | ✓ |
| 5B - Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority | Statutory officers have job descriptions and person specifications. Annual appraisal process identifies any training or development needs. Commitment to IIP accreditation. | ✓ |
| 5C - Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively | Training and development plans at individual and corporate levels following annual performance appraisals. | ✓ |
| 5D - Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed. | Member training and development requirement reviewed periodically. Members encouraged to access members support resources provided online by IDeA or other similar bodies. Member of South East Employers. | ✓ |
| 5E - Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan to address training and development needs. | Performance management system in place with regular public reporting of information, clearly assigned to specific Members and service areas. Overview & Scrutiny Committee review of Performance Management information. Overview & Scrutiny can call in executive decisions for review. | ✓ |
| 5F - Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority. | Chiltern and South Bucks Strategic Partnership. Various user groups. Surveys of customers and users. Focus groups with venerable groups. | ✓ |
| 5G - Ensure that career structures are in place for members and officers to encourage participation and development | Performance appraisal process. Commitment to IIP. Annual training and development plan. Training for succession planning in place in some areas eg Planning & green keepers. | ✓ |

| Principle 6: Engage with local people and other stakeholders to ensure robust public accountability | | |
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| The code should reflect the requirements for local authorities to | Evidence | |
| 6A - Make clear to themselves, all staff and the community to whom they are accountable and for what | Sustainable Community Strategy for Chiltern and South Bucks Districts 2013-2026. Chiltern & South Bucks Joint Business Plan. | ✓ |
| 6B - Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required. | The Council's Business Plan. SBDC is part of the Chiltern and South Bucks Strategic Partnership. Annual Report of the Council. | ✓ |
| 6C - Produce an annual report on the activity of the scrutiny function. | Annual report produced on the activity of O&S Committee. | ✓ |
| 6D - Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively. | Communications & consultations policy. | ✓ |
| 6E - Hold meetings in public unless there are good reasons for confidentiality | Statutory requirement – Local Gov Act 1972. The Constitution requires this. Codes of Conducts for officers and members. | ✓ |
| 6F - Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities for dealing with these competing demands. | Achieve by variety of means such as LSP, Area Committee, user group meetings. Communications & consultations policy. Focus groups with venerable groups. | ✓ |
| 6G - Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result. | Communications & consultations policy. On line consultation facility on website. | ✓ |
| 6H - On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period. | Council's Annual Report. Joint Strategic Partnership Annual Report. | ✓ |
| 6I - Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so. | The Council's Constitution. Communications Guidance and Community Engagement Strategy. | ✓ |
| 6J - Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making. | The Communications Policy. Operation of the Personnel Committee. Unison is recognised trade union under a collective agreement. | ✓ |

Appendix 2: Evidence to Support Meeting the Requirement to Identify Principal Risks to Achievement of Objectives (Step 2)

| <i>Requirement – The Authority has robust systems and processes in place for the identification and management of strategic and operational risk</i> | | |
|--|--|---|
| Suggested measure | Evidence | |
| 1 - There is a written strategy and policy in place for managing risk. | The Authority has a Risk Management Policy and Risk Management Strategy. Risk management. | ✓ |
| 2 - The authority has implemented clear structures and processes for risk management, which are successfully implemented. | An annual report on Risk Management is considered by the Audit Committee each year. Strategic risks are identified by Senior Officers and considered by both Overview & Scrutiny and Cabinet. Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting. Operational risks registers are maintained by each service and recorded on Covalent. The major budget / financial risks are identified as part of the annual budget setting process and included in the budget reports to Members. | ✓ |
| 3 - The authority has developed a corporate approach to the identification and evaluation of risk, which is understood by all staff. | There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet. | ✓ |
| 4 - The authority has well defined procedures for recording and reporting risk. | There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet. | ✓ |
| 5 - The authority has well established and clear arrangements for financing risk. | Risk financing is of limited relevance to the Authority. However where appropriate insurance cover is obtained to mitigate risks. | ✓ |
| 6 - The Authority has developed a programme of risk management training for relevant staff. | Staff induction includes appropriate risk awareness training. The Director of Resources holds risk review meetings with senior Managers, which include an element of support and coaching. | ✓ |
| 7 - The corporate risk management board (or equivalent) adds value to the risk management process. | Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting. | ✓ |
| 8 - A Corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice. | The Authority does not have an officer dedicated to risk management work. Instead risk management is championed by the Director of Resources and risk management work is picked up by other officers on an ad hoc basis. | ✓ |
| 9 - Managers are accountable for managing their risks. | All risks are allocated to named officers and they are responsible for managing these. | ✓ |

| Suggested measure | Evidence | |
|---|--|---|
| 10 - Risk management is embedded throughout the authority. | Risk management is considered to be reasonably well embedded. The latest internal audit of risk management resulted in a 'Reasonable Assurance' rating. | ✓ |
| 11 - Risks in partnership working are fully considered. | Key risks related to significant partnerships or contracts are identified as part of the risk management process. | ✓ |
| 12 - Where employed, risk management information systems meet users' needs. | The Covalent performance management system includes the risk registers and adequately meets the Council's current requirements. | ✓ |

Appendix 3: Evidence to Support Meeting the Requirement to Identify and Evaluate Key Controls to Manage Principal risks (Step 3)

| <i>Requirement – The Authority has a robust system of internal control which includes systems and procedures to mitigate principal risks</i> | | |
|--|--|------|
| Suggested measure | Evidence | |
| 1 - There are written financial regulations. | The Authority has formal written Financial Procedure Rules. | ✓ |
| 2 - There are written contract standing orders. | The Authority has formal written Contract Procedure Rules. | ✓ |
| 3 - There is a whistle blowing policy. | The Authority has a Whistle Blowing Charter. | ✓ |
| 4 - There is a counter fraud and corruption policy. | The Authority has an Anti-Fraud, Bribery and Corruption Policy. | ✓ |
| 5 - There are codes of conduct in place. | There is a Member code of conduct. There is an employee code of conduct. Articles are included in Grapevine to remind members and officers about these. Dignity at work policy. | ✓ |
| 6 - A register of interests is maintained. | A register of interests is maintained and regularly updated. | ✓ |
| 7 - Where a scheme of delegation has been drawn up, it has been approved and communicated to all relevant staff. | Delegated matters are detailed in the Constitution, which is widely available. | ✓ |
| 8 - A corporate procurement policy has been drawn up, formally approved and communicated to all relevant staff. | A CDC / SBDC Joint Procurement Strategy was agreed in 2014. It is available to staff and members online on the SBDC website. | ✓ |
| 9 - Business / service continuity plans have been drawn up for all critical service areas. | Further work is needed to ensure that there are robust service recovery plans for all areas, and that these reflect recently established joint teams and that these plans have been tested. (Issue for disclosure – Business Continuity Planning.) | Part |
| 10 - The corporate / departmental risk registers include expected key controls to manage principal risks. | The annual service plans require internal controls to be listed for all risks. | ✓ |
| 11 - Key risk indicators have been drawn up to track the movement of key risk and are regularly monitored. | Key risks are regularly monitored and reviewed but we do not set key risk indicators for all risks. Strategic risks are assessed pre and post mitigation actions and the post mitigation assessment acts as the target risk. However this is not considered to be a significant issue. | Part |
| 12 - The authority's internal control framework is subject to regular independent assessment. | Internal Audit regularly reviews the internal control framework. | ✓ |

| Suggested measure | Evidence | |
|--|---|-------|
| 13 - A corporate Health & Safety Policy has been drawn up. | The Authority has a Health & Safety Policy, which is available on the intranet. | ✓ |
| 14 - A corporate complaints policy / procedure has been drawn up. | The Authority has a general complaints Procedure as set out in its Customer Relations Procedure. There is also a Member complaint procedure and form on the website. | ✓ |
| The Council has policies and procedures in place to ensure compliance with data protection laws. | The Council has a Corporate Information Officer and complies with data protection rules. | ✓ |
| The Council has policies and procedures in place to maintain IT security. | The Council has an Information Security Policy along with various other supporting IT policies (eg username and password policy). | ✓ |
| The Council has policies and procedures in place to maintain good Information Asset management. | The Council has information asset management policies and procedures and these are being developed and reviewed. | Part□ |

Appendix 4: Annual Governance Statement 2015/16

1) Scope of Responsibility

South Bucks District Council (SBDC) is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money is used economically, efficiently and effectively.

South Bucks District Council 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.

In discharging this overall responsibility, South Bucks District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

2) The Purpose of the Governance Framework

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

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 failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

3) The Governance Framework

South Bucks has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically it developed and adopted a Code of Corporate Governance and a risk management strategy and the Director of Resources has been given responsibility for:

- overseeing the implementation and monitoring of the operation of the Code and risk management strategy;
- reviewing the operation of the Code and risk management strategy in practice; and
- ensuring that there is an effective internal audit function.

Our internal auditors, have been given the responsibility to review independently the status of the Authority's internal control arrangements and report to the Audit Committee, to provide assurance on the adequacy and effectiveness of internal control.

The system of internal control is based on a framework of regular management information, financial and contract procedure rules, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council and is reviewed by internal and external audit. In particular the system includes:

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

4) Role of the Chief Finance Officer

The Authority fully complies with the CIPFA statement on the Role of the Chief Financial Officer in Local Government, the key principles and requirements of which are summarised below.

The Chief Financial Officer:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;
- must be 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 alignment with the Authority's financial strategy; and
- must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

5) Review of Effectiveness

South Bucks District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit’s annual report, and also by comments made by the external auditors and other review agencies and inspectorates. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service.

For 2015/16 this review has been undertaken by the Audit Committee and included carrying out:

- an assessment of the SBDC internal control framework against the CIPFA best practice checklist; and
- an assessment of the SBDC corporate governance framework against the CIPFA / SOLACE framework.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee, and plans are in place to address weaknesses and ensure continuous improvement of the system is in place.

6) Significant Governance Issues

The following issues arose from a review of the assurance framework or from Internal Audit reports and follow-up work.

| ISSUE | ACTION |
|--|---|
| <p>There is a need to review and update the Business Continuity Management processes and plans, recognising that South Bucks does not have a dedicated resource for Business Continuity.</p> | <p>We will continue to review during 2016/17 the existing Business Continuity plans, taking into account organisational changes and shared working with Chiltern District Council, and will continue to test the IT business continuity arrangements.</p> <p>We are currently updating the Business Impact Analysis and Service Continuity Plan for each service area.</p> <p>A Business Continuity Exercise is planned for September 2016.</p> |

| ISSUE | ACTION |
|---|---|
| <p>There is a need to review and keep up to date the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.</p> | <p>We will continue to progress in a co-ordinated manner with Chiltern District Council work on Information Governance. This will be co-ordinated by the Information Governance Group.</p> <p>A joint assessment for compliance with PSN requirements will be undertaken by both Councils.</p> <p>Information governance specifically information security and file management will be taken into account in the changes that will be part of the next phase of joint working. Information Asset Registers will be updated to fully reflect changes from shared services.</p> |
| <p>The Environmental Services Internal Audit noted that the procedures regarding maintaining appropriate insurance and health & safety documentation for contractors need to be strengthened.</p> | <p>An action plan to address the issues raised has been agreed.</p> |