

# Annual Governance Statement 2013/14

## **1.0 SCOPE OF RESPONSIBILITY**

- 1.1 Thanet District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that funding is used economically, efficiently and effectively. Thanet 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.
- 1.2 In discharging this overall responsibility, Thanet District Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.
- 1.3 Thanet District Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government. A copy of the Local Code is available on our website or can be obtained from the council offices, Cecil Street, Margate, Kent, CT9 1XZ. This statement explains how Thanet District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of an Annual Governance Statement.

## **2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled, together with the 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, cost-effective services.
- 2.2 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 Thanet District 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.
- 2.3 The governance framework has been in place at Thanet District Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

## **3.0 METHODOLOGY FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT**

- 3.1 The Annual Governance Statement is prepared using a method similar to that used in previous years, including:
  - Managers providing an assurance statement as to the extent and quality of internal control arrangements operating within their departments for the year. The declaration covers a comprehensive list of those systems and procedures which deliver good governance. Managers are asked to declare any weaknesses in their governance arrangements.
  - Directors / Service Managers reviewing the results of those declarations, identifying those issues which are significant or which are common to more than one area and discussing the outcomes with the Portfolio Holder with responsibility for each service area.
  - Assurance statements from the Section 151 Officer, Monitoring Officer and the following key areas: performance management, procurement and risk management identifying any governance issues that have arisen and should be addressed in the forthcoming year.
  - Statements from the shared service partners we work with on compliance with the governance arrangements in place.

- Reviewing the annual reports from Governance and Audit Committee and Overview and Scrutiny Panel.
- Considering the Internal Audit Annual Report and the Section 151 Officer's report on the effectiveness of the internal audit arrangements in place.
- The council's Governance and Audit Committee considers the draft Annual Governance Statement in June and is afforded the opportunity to give its input to the statement and to consider whether it accurately reflects the council's control environment.
- The Governance and Audit Committee approves the Annual Governance Statement in September and it is signed off by the Chief Executive / Section 151 Officer and Leader of the Council.

#### **4.0 THE GOVERNANCE FRAMEWORK**

4.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements, which are set out below.

4.1.1 There is a clear vision of the council's purpose and intended outcomes for citizens and service users that is clearly communicated.

- The Vision for Thanet was adopted by Council in July 2009. This document sets out the future plans for what Thanet will look and be like in 2030. It was consulted on widely with staff and members, the residents' panel, partners and stakeholders.
- The council identified and communicated its aims and ambitions for Thanet in April 2012 for the next four years when a new Corporate Plan was approved. The plan contains eleven priorities which are supported by operational plans.

4.1.2 Arrangements are in place to review the council's vision and its implications for the council's governance arrangements.

- The Corporate Plan will be reviewed annually to take into account progress against the priorities and outcomes of the annual budget setting process. Each review will evaluate and determine if there are any implications for the council's governance arrangements with appropriate amendments being made as necessary.

4.1.3 Arrangements exist for measuring the quality of services, ensuring they are delivered in accordance with the council's objectives and that they represent the best use of resources.

- Performance progress is tracked through monthly monitoring of key performance indicators, service tasks and projects. Progress against the council's Corporate Plan is reported quarterly to Cabinet. Additionally, monthly service reports summarise all key projects, tasks and performance measures specific to each service. The performance framework is operated on Inphase™, a performance management system.
- The Council's data quality framework sets out the Council's requirement that any data used by the authority should be fit for purpose. Fitness for purpose of performance data is assured through the following activity:
  - Challenge of measure definition when new indicators are identified through service planning;
  - Set up of measures at denominator and numerator level to ensure that calculations are not carried out manually;
  - Calculation checking through the data entry process;
  - Manager review of data entered by staff;
  - Training provided to managers and staff on how to use the data entry and reporting system;
  - Challenge through the target setting process;
  - Challenge through monthly monitoring of performance data;
  - Advice and support provided to staff and managers as requested on the capture and use of management data.

- 4.1.4 The roles and responsibilities of the executive, non-executive, scrutiny and officer functions are clearly defined, with clear delegation arrangements and protocols for effective communication.
- Roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.
- 4.1.5 Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards and are communicated and embedded across the council.
- Codes of conduct defining the standards of behaviour for members and staff have been developed and communicated and are available on the council's website and intranet site, Thanet Online Matters (TOM). These include Members' Code of Conduct, Code of Conduct for Staff, Anti-fraud and Corruption Policy, member and officer protocols and regular performance appraisals linked to service and corporate objectives.
- 4.1.6 Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.
- The council has established policies and procedures to govern its operations. Key within these are the Financial Procedure Rules, Procurement Strategy and Contract Standing Orders, Risk Management Strategy, Codes of Conduct for Members and Officers, Anti-Fraud and Corruption Policy, Anti-Bribery Policy, Whistleblowing Code and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.
  - Contract Standing Orders set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Procurement Strategy is a high level view of how to promote effective procurement across the whole organisation. It outlines what good procurement means in Thanet and details the supporting framework. This Strategy is underpinned by the Procurement Code of Practice which is a step-by-step guide for all purchasing activities providing information, advice and guidance for officers responsible for spending the council's money.
  - A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Strategy and Process documents are reviewed on an annual basis and approved by the Governance and Audit Committee.
- 4.1.7 The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- The council's financial management arrangements conform to CIPFA standards. The Chief Executive (Section 151 Officer) has statutory responsibility for the proper management of the council's finances and is the chair of the Senior Management Team (SMT). The management of the council's finances within departments is devolved to directors / service managers through the Scheme of Delegation for Financial Authority and Accountability. Directors / service managers further devolve decision making to managers and business unit managers through departmental schemes of management.
  - The Financial Services Team provide detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the Financial Services

Team ensures segregation of duties and all committee reports are reviewed by the appropriate Financial Services staff.

- The internal audit function is an independent appraisal process and is provided by the East Kent Audit Partnership, who have direct access to members. They undertake reviews which provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems. They give sound objectivity as well as benefiting from a large resource-pool which brings with it a good level of robustness. Throughout the year, the internal auditors perform a wide range of reviews covering both financial matters and other more service / output specific objectives, including value for money assessments. The conclusion is a report that is produced for management, which includes an assessment of the level of assurance that can be derived from the system of internal controls related to the service that is reviewed.

4.1.8 The core functions of an audit committee are undertaken.

- The role of the Governance and Audit Committee is set out in the Constitution and one of its key roles is to provide independent assurance of the adequacy of the risk management framework and the associated control environment. It is a committee comprising nine council members independent of the executive which oversees the internal audit function and considers all relevant reports of the external auditor.
- The terms of reference for the Governance and Audit Committee are prepared in line with 'CIPFA's Audit Committees – Practical Guidance for Local Authorities' and are reviewed annually whilst undertaking the self-assessment into the committee's effectiveness and achievements against its terms of reference.

4.1.9 Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- The council has in place a Monitoring Officer and Deputy Monitoring Officer. The Monitoring Officer has a duty to report on any actual or likely decision which would result in an unlawful act or maladministration. All decisions to be taken by members are supported by a legal assessment provided by the appropriate officer.
- The council has in place a Responsible Finance Officer and Deputy under Section 151 of the Local Government Act 1972. This role ensures lawfulness and financial prudence of decision making, has responsibility for the administration of the financial affairs of the council and provides advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

4.1.10 Arrangements for whistleblowing and for receiving and investigating complaints from the public are in place and well publicised.

- The council has in place a Whistleblowing Code whereby staff and others can report concerns about various sorts of wrongdoing or alleged impropriety. The Whistleblowing Code was approved by Governance and Audit Committee, as part of the council's Anti-Fraud and Corruption Policy. The Code is available on the website and is also proactively communicated to those contracting with the council.
- Thanet District Council wants to provide the best service it can to the community and has a Customer Feedback process in place, which includes complaints, compliments, service requests, member contact and comments. Service improvements take place as a direct result of customer feedback received and are published on the council's website and Members' Portal.

4.1.11 Arrangements exist for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

- Member Briefing sessions are programmed on a quarterly basis to ensure that members are properly equipped to effectively fulfil their responsibilities in the governance of the council's operations.

- As part of the annual appraisal process, training and development needs of staff are identified and a development plan is drawn up to meet those needs.
  - The council has developed a culture change programme, which is supported by all of the SMT. This programme will enable a greater focus on organisational development, service development and performance management.
- 4.1.12 Clear channels of communication with all sections of the community and other stakeholders are in place, ensuring accountability and encouraging open consultation.
- The council has increased the level of community input into its decision making processes by increasing the number and variety of opportunities made available to the community. This includes online conversations and feedback as well as focus groups, workshops and the more traditional methods such as postal questionnaires. A greater emphasis is being placed on online consultation and social media.
  - The council has a well-established and effective consultation function which includes a wide range of consultation methods to ensure that as many groups and individuals as possible are able to participate. Before undertaking any consultation or communication, action plans are completed to detail exactly how key groups will be targeted. The council delivers an extensive programme of consultations throughout the year.
  - The council also regularly communicates and consults with residents online via the council website, through social media such as Twitter and Facebook, through local press, via secondary and primary schools, through local forums and organisations.
- 4.1.13 Governance arrangements in respect of partnerships and other group working incorporate good practice and are reflected in the council's overall governance arrangements.
- Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council ensures that all are fit for purpose and the council's interests are protected.

## **5.0 REVIEW OF EFFECTIVENESS**

- 5.1 Thanet District Council 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 senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the East Kent Audit Partnership's annual report, and also by comments made by our External Auditors and other review agencies and inspectorates.
- 5.2 The process that has been applied by the council in maintaining and reviewing the effectiveness of the governance framework, includes the following:
- 5.2.1 The Authority
- The Council comprises 56 Members and, as a whole, takes decisions on budget and policy framework items as defined by the Constitution.
- 5.2.2 The Cabinet
- The Cabinet is responsible for the majority of the functions of the authority, within the budget and policy framework set by Full Council. Executive decisions can be taken by the Cabinet and Cabinet Members acting under delegated powers, depending upon the significance of the decision being made.
  - The Forward Plan lists the key decisions to be taken by Cabinet over the forthcoming four months. The plan is updated around the middle of each month to take effect from the 1st of the following month.
- 5.2.3 The Governance and Audit Committee

- The council has an established Governance and Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing the adequacy of internal controls.

5.2.4 The Overview and Scrutiny Panel

- The Overview and Scrutiny Panel consists of 16 non-executive members and is appointed on a proportional basis, with political groups represented in the same proportion as on Full Council. It does not have any decision-making powers, but monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district (both member and officer).

5.2.5 The Standards Committee

- The Standards Committee is established by Full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the council on the adoption and revision of the Members' Code of Conduct and for monitoring the operation of the Code.

5.2.6 The Chief Financial Officer

- The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources; and performance, extracting the most value from the use of those resources.

5.2.7 The Monitoring Officer

- The Monitoring Officer has a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

5.2.8 The Internal Audit function

- The internal audit function is undertaken by the East Kent Audit Partnership, which provides this service to not only Thanet District Council but also Dover and Shepway District Councils, and Canterbury City Council. Internal audit is an independent appraisal function, which seeks to provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems.

5.2.9 Management and officers

- The council's internal management processes are reviewed regularly and any changes or updates are communicated through the Managers' forum and staff development sessions, and any management training that is undertaken.

## 6.0 INTERNAL AUDIT STATEMENT

6.1 During 2013/14 the Internal Auditors completed 288.70 days of review, which was spent undertaking 25 audits. Of these nine were assessed as being able to offer substantial levels of assurance; six reasonable assurance and three limited assurance. There were seven audits at work in progress stage at year-end. Taken together 83% of the reviews accounted for substantial or reasonable assurance, whilst 17% of reviews placed a limited or partially no assurance to management on the system of internal control in operation at the time of the review.

6.2 Additional work outside of these percentages includes work in progress at the year-end or work not giving rise to an assurance. Where appropriate, the audit report provides management with a set of recommendations that are designed to address weaknesses in the system of internal control. The outcomes of these internal audit reviews are reported to the Governance and Audit Committee on a quarterly basis, giving members an opportunity to understand the council's compliance with key controls and to discuss any areas of concern with the Auditors.

- 6.3 The council has very high levels of assurance in respect of all of its main financial systems and the majority of its governance arrangements. Almost all of the main financial systems, which feed into the production of the council's financial statements, have achieved a substantial assurance level following audit reviews. The council can therefore be very assured in these areas.
- 6.4 The areas where improvement is required and which are considered to be the primary areas of concern arising from partial limited assurances:
- Homelessness
  - Maritime – Ramsgate Marina
  - Public Health Burials
  - Your Leisure
  - Museums
  - Data Protection
  - Dog Warden & Litter Enforcement
- 6.5 The areas of concern identified above are being addressed through the recommendations contained within each report. Each of these areas is due to be followed up early in the 2014-15 plan of work. Consequently there is nothing of significant concern that needs to be escalated at this time. After follow up, any outstanding actions will be monitored through the Inphase system.

## **7.0 ACTIONS UNDERTAKEN DURING 2013/14**

- 7.1 Throughout 2013/14 managers within the council have met on a regular basis through the Managers Forum, and updates to the following corporate processes, strategies or policies have been communicated, which are then shared with all staff through Staff Briefing Sessions:
- Managing persistent complainants
  - Regulation of Investigatory Powers Act (RIPA)
  - Freedom of Information requests
  - Roadmap for Change
  - Risk Register and Annual Governance Statement action plan
  - Performance Indicator target setting
  - Health and Safety Policies
  - Reviewed complaints process
  - Policy Updates
  - Local Government Ombudsmen update
  - Pay for contribution
  - Draft Internal Audit Plan 2014/15
  - Data Transparency
  - Year end reporting process and Service Planning process
- 7.2 The Managers' Forum have also considered the following service specific areas:
- Updated recycling policies
  - Transport Strategy
  - Local Plan
  - Individual Elector registration
  - Community Safety team
  - Tidal surge occurrence outcome
  - Environmental Protection Enforcement policy
  - Mindspace
  - South East Local Enterprise Partnership
  - Corporate Communications planning and budget consultation results
  - Enforcement Policy and Guidance for Housing Regeneration
- 7.3 Workshops on the following areas have also taken place through the Managers' Forum:
- Senior Management Team and Managers Charter
  - Empowerment
  - Corporate Risk Register workshop



- 7.4 The following corporate processes, strategy or policy documents were considered and approved by the Governance and Audit Committee:
- Museums process document
  - Internal Audit annual report
  - External Audit Plan 2012/13
  - Audit Fee letter 2013/14
  - Annual Governance Statement 2012/13
  - Annual Governance Statement action plan
  - Corporate Risk Register
  - Data Quality and Performance Management Frameworks
  - Audit Findings report and Financial Resilience report
  - Grant Certification Plan 2012/13
  - Final Statement of Accounts
  - Revision to Financial Procedure Rules
  - Food Standards Agency audit update
  - Governance Framework and Local Code of Corporate Governance
  - Risk Management Strategy and Process
  - CIPFA Code of Practice on Treasury Management (2011 Edition)
  - Treasury Management Strategy Statement and Annual Investment Strategy
  - Annual Investment Strategy for 2014/15
  - Annual Audit Letter
  - Review of the effectiveness of the Governance and Audit Committee and Annual Report
  - Internal Audit Self-Assessment
  - Review of the effectiveness of the council's Internal Audit Arrangements 2013/14
  - External Audit Plan 2013/14
  - Internal Audit Plan 2014/15
- 7.5 Cabinet considered and approved the following corporate or service related strategy or policy documents:
- Waste Management Policies
  - Thanet Community Safety Plan for 2013/14
  - Air Quality Action Plan 2013
  - Corporate Performance reports
  - Allocations Policy
  - Thanet' Economic Growth and Regeneration Strategy
  - Equality Policy
  - Discretionary Housing Payments Policy
  - Destination Management Plan
  - Ramsgate Maritime Plan
  - Treasury Management Strategy statement and Annual Investment Strategy
  - Risk Management Strategy
  - Procurement Strategy
- 7.6 The corporate or service related strategy or policy documents detailed below were considered and approved by Full Council:
- Revised Treasury Management Strategy
  - Community Safety Partnership Plan for 2013/14
  - Allocations Policy
  - Review of Policies and Procedures – Probity and Reputation
  - Revision to Financial Procedure Rules re: reporting of balance sheet debt
  - Proposed amendments to the Constitution
  - Medium Term Financial Plan 2014/18
  - Treasury Management Strategy and Annual Investment Strategy
  - Tenancy Strategy
- 7.7 The council commissioned a Local Government Association (LGA) Peer Review in March 2014. This voluntary process offered by the LGA seeks to benefit councils through constructive feedback from peers in other local authorities. The review focused on:
- understanding the local context and priority setting

- financial planning
- political and managerial leadership
- governance and decision making
- organisational capacity

For Thanet, there was also a request that the team look at the council's approach to Economic Development and its customer services strategy as these are priority areas for the council.

#### 7.8 Actions to address 2012/13 Significant Governance Issues

The following section reflects the actions completed to address the 2012/13 AGS recommendations.

##### Member related

- The political situation with a hung council and changing political dynamics could add to the time taken to reach a resolution that could be acted on and also increase the likelihood of decisions being called in.

Completed action: The data for the number of call-ins over the last seven years was assessed.

##### Major projects

- The Project Management Process needed to be reviewed and implemented across the council, as highlighted in an internal audit on risk management. Basic minimum templates were required to be in common usage, which can be expanded to deal with more complicated projects.

Completed action: Council-wide project management templates have been established.

##### Corporate issues

- The council faced a significant budget gap, due to cuts to Government grants and external pressures such as the insolvency of Transeuropa. The council took steps to ensure that the budget gap was adequately covered and to diversify and generate income through the Port.

Completed action: The financial position of the council was monitored and reported on regularly to Cabinet.

Completed action: Work has been undertaken to diversify and generate income through the Port.

- The asset management disposal process needs to be reviewed to ensure appropriate consultation at political level is undertaken to improve public trust.

Completed action: A commercial property audit and action plan has been completed.

- The process for determining disclosure needed to be reviewed, to ensure full publication of information wherever possible to meet with transparency commitment.

Completed action: A review of disclosure practices was undertaken as part of the Review of Policies and Procedures – Probity and Reputation report to Cabinet in April 2013.

- There was a need to improve inspection regimes for maintained buildings and land to identify investment needs as well as deal with insurance claims (especially public liability), whilst taking into account the pressures on the repairs budget.

Completed action: The current Asset Management System was reviewed and a SWOT analysis undertaken.

Completed action: Current best practice across public and private sectors has been researched.

Completed action: A meeting with the Property Manager at a neighbouring authority provided insight into the current practices used.

Completed action: Discussions with affected managers took place to improve understanding of the wider context of asset management within the council.

Completed action: A draft strategy was prepared.

Completed action: The reviewed Asset Management Strategy will be presented to Cabinet for approval in September 2014.

- The process in respect of East Kent Housing's financial management of the repairs and maintenance and leasehold charges needed to be reviewed.

Completed action: The EK Housing repair finances have been reviewed and the review of the leaseholder charging is drawing to a conclusion.

## **8.0 ANNUAL REPORTS - GOVERNANCE AND AUDIT COMMITTEE AND OVERVIEW AND SCRUTINY PANEL**

- 8.1 To comply with best practice, the Governance and Audit Committee determined that it would consider annually whether it meets its terms of reference and how it has impacted on the internal control environment. Detailed below are improvements that were identified through this process.
- 8.1.1 Carry out a training session on the remit of the Committee prior to the first meeting of the committee cycle.
  - 8.1.2 Provide any new members with an induction to the Committee prior to their first meeting.
  - 8.1.3 Ensure substitutes are invited to attend all training sessions that are provided.
- 8.2 Thanet District Council's Overview and Scrutiny Panel is entitled to make an annual report to the Annual Meeting of Council. The report summarises the key achievements of the Overview and Scrutiny Panel during 2013/14 and indicates the panels suggested priorities for 2014/15. The following paragraphs (8.2.1 to 8.2.4) have been taken directly from the annual report of the Chairman of Overview and Scrutiny.
- 8.2.1 "Cabinet continued with the approach that engaged the Overview and Scrutiny Panel in pre-decision scrutiny.
  - 8.2.2 The Panel requested officers in Democratic Services to research and initially produce an officer exploratory report on "Possible Review of Council Procedure Rules, Particularly in Relation to Opportunities for Backbench Members' Participation at Meetings of Full Council." This report was considered by Members on 14 January 2014. A further, more detailed options report was considered by the Panel on 11 March 2014 and Members agreed that the report be referred to the Constitutional Review Working Party for further consideration.
  - 8.2.3 The Constitutional Review Working Party was still to meet to consider the proposals in the report.
  - 8.2.4 Members also carried out scrutiny investigations into issues relating to the Pleasurama site development agreement and Transeuropa debt. More detailed comments are indicated in the sections that cover the task & finish group activities."

## **9.0 SIGNIFICANT GOVERNANCE ISSUES**

- 9.1 The identified areas detailed below have arisen from our numerous assessments into the council's governance arrangements for 2013/14 and have been deemed to be significant by the Senior Management Team. They will be addressed during 2014/15.
- 9.2 Identified issues are:
- The council needs to take forward the LGA's recommendations following the Peer Review to ensure that there are positive changes as part of the council's commitment to continuous improvement and to make the council a better organisation overall. An action plan is being prepared to address these recommendations.
  - Clarification is required on the council's top priorities detailing what is to be achieved and how it is going to do it, which is to be communicated to all Members, staff and stakeholders clearly and consistently.
  - Develop an understanding of the way leading politicians and senior officers can work together effectively, which should address ways to protect the council's reputation and improve the perception of the council with regard to trust, respect and visibility.
  - Historically there has been a variable interpretation of the Council's flexi-time policy which has led to different approaches being taken by different managers. As a result of this, and the increased number of evening meetings in recent years, there is an ongoing issue of some officers regularly exceeding their contractual hours, with there being insufficient

opportunity to recoup the additional hours through the flexi-time system; there has also been an expectation of senior managers to work outside of the flexi-time system. During 2013/14 we looked into this and made some changes as part of the staff restructure which are expected to have a positive impact on this position. We are now undertaking an audit of this position to understand the scale of any problem and to inform proposals to remedy them.

- The new staffing structure, and the anticipation of greater partnership working, brings new staff into contact with the council and its operating arrangements. An introduction process to the council should be planned for those staff that this affects.
- The existing staff induction processes are locally delivered and as a result lack consistency. A formal council-wide approach to the induction process is required to enhance new staff understanding of the council's political and operational arrangements.
- There are a number of large financial risks related to legal action in progress which although we are aware of, and have accounted properly for, remain a risk. These will be assigned to an officer to keep track of the issue as it moves through the legal process, to ensure that the level of financial risk is regularly reviewed by that officer, in consultation with appropriately qualified staff (particularly financial and legal), to ensure that the budgetary and accounting position remains as up to date and accurate as possible, and that this is regularly reported to Members as appropriate.

9.3 An action plan will be compiled and regularly reported to the Governance and Audit Committee. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

## **10.0 ASSURANCE SUMMARY**

10.1 Good governance is about running things properly. It is the means by which the council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing that public money is well spent. Without good governance, councils will struggle to improve services.

10.2 From the review, assessment and monitoring work undertaken and supported by the ongoing work undertaken by Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses.

10.3 We can confirm, to the best of our knowledge and belief, and there having been appropriate enquiries made, that this statement provides an accurate and fair view.

Signed by:  
Councillor Iris Johnston  
Leader of the Council  
by the 30 June 2014

Signed by:  
Dr Sue McGonigal  
Chief Executive &  
Chief Financial Officer  
by the 30 June 2014