



Annual Governance Statement

2014/15

The Annual Governance Statement reports publicly on the extent to which the Council has to comply with its code of governance on an annual basis, including how the Council has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

4. REVIEW OF EFFECTIVENESS

- 4.1 The 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 Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Auditor's annual report, and also by comments made by the External Auditor and other review agencies and inspectorates.
- 4.2 The flowchart at Appendix C explains the governance assurance framework, starting from the Council's Framework policy to the Annual Governance Statement being published.
- 4.3 A sound system of internal control and the management of risks are integral parts of the Council's corporate governance arrangements. As a consequence the Council's external auditors can place greater reliance on the outcomes of the work undertaken by the Internal Audit Team. Internal Audit has completed successfully its approved audit plan for the year and made recommendations as appropriate. The Audit & Governance Committee monitors the progress against agreed actions and recommendations and will request officers report back on overdue recommendations. There still remain a small number of recommendations relating to 2014/15 that are overdue for completion at the year-end; these are continually monitored by Internal Audit and where necessary are considered by CMT as part of the regular Corporate Governance Days. It is planned that the recommendations will be fully implemented during 2015/16.
- 4.4 The Council continued to strengthen its internal control systems by addressing the issues raised. No recommendations were made by the External Auditor as part of his Audit Results Report in 2013/14.
- 4.5 Risk Management covers all services and operations throughout the Council and is continuously monitored and managed across both Councils by the joint Corporate Risk Management Group (CRMG). The CRMG meets at least every quarter as part of Corporate Governance meetings to review the joint corporate risk register. Corporate risks continue to be fully integrated into the Council's overall performance management which is considered quarterly by Cabinet and reviewed by the Audit & Governance Committee. The activities undertaken by the group and the approach to joint risk management has been externally assessed as part of the lead officer's Management of Risk training.
- 4.6 The Council continues to promote the understanding of risk at all levels (developing a toolkit, training at induction, manager training and support), as the responsibility for managing risks is not restricted to one area or person but to every Member and Officer. The Council's risk management activity is co-ordinated and led by the CRMG, chaired by a Strategy Director and supported by members of CMT and other senior officers.
- 4.7 The joint Risk Management process was considered by the Audit & Governance Committees of both councils during the year. The Risk Management Strategy continues to provide details of risk management roles and the responsibilities of individuals and groups across both councils.
- 4.8 The combined Corporate Risk Register identifies those risks, along with the controls that are in place to prevent them, and proposals for improvement and mitigation. These continue to be reviewed on a rolling programme through CRMG and Audit & Governance Committee.
- 4.9 Following the introduction of a shared project management methodology, training continues to be provided as part of the core corporate governance training for all managers. Advice and support is offered to relevant staff on the application of good project practices, particularly surrounding changes in service delivery. All projects are recorded on Service Plans, which are combined into a joint Corporate Project Register which is considered at Corporate Governance Days to ensure that projects are effectively managed and any significant risks arising can be addressed corporately.

- 4.10 Joint contract procedure rules have been rolled out across both Councils. Training has been delivered by the procurement and legal teams at both sites, for any officer to attend. Guidance is published on the intranet, and support is offered by the specialist procurement and legal teams to relevant managers. A corporate contracts register is maintained by the Procurement team, published on the intranet and considered as part of Corporate Governance Days, so that senior managers can monitor that contracts are being effectively managed.
- 4.11 New joint financial procedure rules have been approved and training for Members and Officers is being developed and will be rolled out during 2015/16.
- 4.12 The Head of Internal Audit Opinion states that **reasonable assurance** can be placed upon the adequacy and effectiveness of the Council's systems of governance, risk management and internal control in the year to 31st March 2015. The Head of Internal Audit has highlighted the following areas where control weaknesses were identified and improvement required.
- ICT Strategy – Significant progress has been made within this area and work continues, due to the major changes taking place within ICT Services, which are enabling the Council to deliver its services. Senior Management have agreed independent Internal Audit coverage in this area in the forthcoming year.
 - Business Continuity and ICT Disaster Recovery – Improvements have been made over the last year. Further work is required around embedding the process, which is planned for 2015/16.
 - Contract Management – The Councils ability to oversee effective, efficient and economic contracts requires strengthening, specifically around contract monitoring and contract risk management (excluding Strategic Partnerships). Internal Audit plan to review this area in 2015/16.
- 4.13 All the issues raised by the Head of Internal Audit have been incorporated within the Council's Annual Governance Statement, which will be presented to the Audit & Governance Committee and Council.
- 4.14 In continuing to strengthen the internal control arrangements regular and routine review and sign off by the Chief Finance Officer of all key control accounts reconciliations was undertaken to ensure timely monitoring of key transactional activities.
- 4.15 The Council's Medium Term Financial Strategy (MTFS) remains affected by reductions in its grant funding, which are expected to continue and possibly increase as a result of Government spending plans indicated by the March Budget Statement. These have contributed to further budgetary pressures that may rise to nearly £2.9m by 2018/19 if no actions were taken. In addition, since 2013, Council funding has become more dependent on incentivised income areas such as Business Rates and New Homes Bonus (NHB) which are exposed to greater volatility. The Council is committed to delivering Value for Money services and is continuing to undertake further reviews and consider a full range of options in order to deliver balanced budgets that respond appropriately to Government policy changes and the wider economic environment.
- 4.16 In accordance with the 2010 'CIPFA Statement on the Role of the Chief Financial Officer in Public Service Organisations', the Section 151 officer, Chief Finance Officer, is a professionally qualified member of Association of Chartered Certified Accountants (ACCA), and is a member of the Council's Corporate Management Team, reporting directly to the Chief Executive and the Leader on all key Strategic finance matters. In addition this post is a member of the Designated Officer Group, chaired by the Chief Executive; it comprises the statutory officers that represent both Councils. The Council's financial management arrangements conform with the governance requirements of the CIPFA [Statement on the Role of the Chief Financial Officer in Local Government \(2010\)](#). The document is available on the CIPFA website.

5. SIGNIFICANT GOVERNANCE ISSUES

- 5.1 In arriving at the areas to address during 2015/16, the Council has been informed by the results of the review of the effectiveness of the governance framework within the Council arising from last year's reports, by the outcomes of internal and external review bodies that report on the Council's performance to date, by undertaking a gap analysis of the six core principles that underpin delivering good governance in local government, and by consulting Members.
- 5.2 The 2013/14 Annual Governance Statement included five governance improvement actions, of which one area concerning ICT Infrastructure has been successfully completed and positive movement has taken place on elements of the other four areas during the last financial year. The following four actions were not completed during the year and are rolled-over to be addressed in 2015/16:

Agreed Areas to Address	Responsibility	Priority
Business Continuity Plan – complete the joint review of Business Continuity Plans to ensure practical arrangements are in operation.	Head of Environmental Services & Port Health	High
ICT Strategy – this Strategy and associated operating elements need updating to be in line with corporate objectives.	Head of ICT	High
ICT Disaster Recovery Plan - update the Plan to become a joint disaster recovery plan that underpins the Business Continuity Plans.	Head of ICT	High
Contract Management – improve the oversight of contract management around contract specification, contract risk management and execution of lessons learned registers.	Corporate Management Team	High

- 5.3 We have also identified 19 planned improvement areas listed within this statement which can be found within each Principle in Section 3. Seven of the improvement areas are carried forward from last year, with eight having been actioned. A number of the new improvement areas this year are regarding the embedding of improvement made during 2014/15.
- 5.4 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. 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.

Post	Signature	Date
Ray Herring Leader of the Council		24 th September 2015
Stephen Baker Chief Executive		24 th September 2015

SUPPORTING PRINCIPLES OF CIPFA’S SIX CORE PRINCIPLES OF DELIVERING GOOD GOVERNANCE

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	Principle 2: Members and officers working together to create achieve a common purpose with clearly defined functions and roles	Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	Principle 5: Developing the capacity and capability of members and officers to be effective	Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability
Exercising strategic leadership by developing and clearly communicating the authority’s purpose and vision and its intended outcome for citizens and service users	Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function	Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles	Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships
Ensuring that users receive a high quality service whether directly, or in a partnership, or by commissioning	Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard	Ensuring that organisational values are put into practice and are effective	Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs	Developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group	Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.
Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money	Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other		Ensuring that an effective risk management system is in place	Encouraging new talent for membership of the authority so that best use can be made of individual’s skills and resources in balancing continuity and renewal	Making best use of human resources by taking an active and planned approach to meet responsibility to staff.
			Using the legal powers to the full benefit of the citizens and communities in their area		

**GOVERNANCE ASSURANCE CORPORATE FRAMEWORK
SUPPORTING EVIDENCE & PROCESSES**

Policies, Strategies, Rules & Codes	Processes and Frameworks	Key documents	Functions
<ul style="list-style-type: none"> • Anti-theft, fraud & corruption policy • Capital Strategy • Code of Conduct • Code of Corporate Governance • Constitution • Customer Access Strategy • Data Quality Strategy • Employment rules • Equality & diversity policies • Financial procedure rules and standing orders • Financial regulations • Health and Safety policies • ICT strategy and action plan • Medium Term Financial Strategy • Members' allowances scheme (Constitution) • Members' code of conduct (Constitution) • Member Communication Guidelines • Member Development Strategy • Officers' code of conduct (Constitution) • Pay policy statement • Procedure rules (contracts, employment, meetings) (Constitution) • Procurement regulations • Procurement strategy • Protocol on member / officer relations (Constitution) • Prudential code • Risk Management Strategy • Scheme of Delegation (within Constitution) • Suffolk Growth Strategy • Treasury Management Policy statement • Treasury Strategy • Whistleblowing policy 	<ul style="list-style-type: none"> • Budget process • Business case appraisal process • Business continuity framework • Competency frameworks (part of Managing Performance – people – framework) • Complaints process • Customer feedback process • Health and Safety audit process • Induction process • Job evaluation process • Managing performance (people) framework (including appraisal process) • Member training • Partnership framework • Performance Management (business) framework (including team and service plans) • Risk management process • Scrutiny framework (Constitution) 	<ul style="list-style-type: none"> • Annual audit letters • Annual Governance Statement • Assurance Statements • Business Plan • Committee reports, agendas and minutes • Complaints reports • Consultation register • Corporate Risk Register • Council newsletter • Council tax booklet 2013-14 • Council website • East Suffolk Partnership priorities • External inspection / review reports • Ideas scheme • Intranet • JNC terms & conditions • Job descriptions • Key decisions (within Constitution) • Law & governance • Local development framework • Local Enterprise Partnership Publication Scheme (Freedom of Information) • Quarterly performance reports • Record of decisions • Registers of interest • Salary scales • Senior management remuneration report • Service level agreements • Service plans • Staff surveys • Statement of Accounts • Statement of Internal Control (part of AGS) • Statement of Partnership Intent • Suffolk Code of Conduct • Suffolk Compact • Suffolk Coastal Local Plan • Suffolk Growth Strategy • Timetable of council meetings • Training programmes • Transforming Suffolk priorities • Transparency publications • Workforce development and plans 	<ul style="list-style-type: none"> • Functions and responsibilities of senior officers and councillors (within Constitution): • Corporate Governance Group • Financial services • Head of Internal Audit • Head of Paid Service • Health and Safety officer • Human Resources • Internal audit • Monitoring officer • S151 officer • Local Government Ombudsman (report) • Independent remuneration panel • External audit (and other reviews) • Terms of reference for committees (Constitution): • Audit & Governance Committee

Key [Hyperlink to information on internet](#) **Function / system** **Internal document / system**

The Council's Governance Assurance Framework

