

# Dover District Council

## Annual Governance Assurance Statement

1 APRIL 2013 TO 31 MARCH 2014

### **WHAT WE ARE RESPONSIBLE FOR**

We are responsible for ensuring that our business is conducted in line with the law and proper accounting standards, and for using public money economically, efficiently and effectively. We have a duty under the Local Government Act 1999 to continually review and improve the way we work and at the same time have regard to a combination of economy, efficiency and effectiveness.

In order to meet our responsibility we have in place proper arrangements for overseeing what we do and this is called Governance. These arrangements make sure that we do the right things in the right way, that our services reach the right people and that we are open, honest and accountable in the way that we deliver those services.

We have approved and adopted a Local Code of Corporate Governance and a copy of this is available on our website here: - <http://www.dover.gov.uk/Corporate-Information/CorporateGovernance.aspx> or one can be obtained from The Council Offices, White Cliffs Business Park, Dover, CT16 3PJ.

### **THE AIM OF THE GOVERNANCE FRAMEWORK**

The governance framework details the systems, processes, culture and values that we are controlled by and which we are answerable to. It also shows what we get involved with and how we engage with the community. It also shows how we monitor what we are achieving so that we can deliver services that are appropriate and value for money.

The system of internal control is an important part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failure to achieve policies and aims and can only provide reasonable protection. The system of internal control is based on an on-going process designed to:-

- Identify and prioritise anything that could prevent us from achieving our policies and aims
- Assess how likely it is that identified risks might happen and what the result would be if they did
- Manage those risks efficiently, effectively and economically

The governance framework describes what has been in place at Dover District Council for the year ended 31 March 2014 and up to the date of approval of the Council's accounts.

### **OUR GOVERNANCE FRAMEWORK**

Our Governance Framework is made up of a Code of Conduct as well as many systems, policies, procedures and operations. The key features are:-

Our Corporate Plan. This is our main strategic document providing a framework for the delivery of our services and providing context for all the other strategies and plans that we have. The Corporate Plan for 2012-2016 is published and is available on the Council's website.

The following strategic priorities have been identified:-

- Enabling and supporting growth of the economy and opportunity for investment and jobs
- Facilitating strong communities with a sense of place and identity
- Serving our communities effectively

- An effective and efficient Council

Service Plans. We have service plans in place supporting the aims of the Corporate Plan which include performance indicators that are used to measure our achievements. Copies of our performance report are available on our website.

Our Constitution. Our Constitution details how we operate, how decisions are made and the procedures, which are to be followed. It also ensures that we work in an efficient and transparent way and that we are accountable to local people.

The Executive. The Executive are responsible for most decisions and is made up of the Leader and a Cabinet. Major decisions to be taken are published in advance in the Executive's Forward Plan, and will generally be discussed in a meeting open to the public. All decisions must be in line with our overall policies and budget. Any decisions the Executive wishes to take outside the budget or policy framework must be referred to Council as a whole to decide.

Corporate Management Team. The Corporate Management Team comprises the Chief Executive (and Head of Paid Service) with responsibility for Regeneration and Development, Director of Governance and Monitoring Officer, Director of Finance, Housing and Community and S151 Officer and Director of Environment and Corporate Assets.

Members of Corporate Management Team have a responsibility for the day to day running of each Division of the Council. They must regularly assess their division's assurance arrangements and provide the Council with the opportunity to keep check on the adequacy of its overall arrangements.

Governance Committee. The six appointed members of the Council provide independent assurance of the adequacy of the risk management framework and the associated control environment together with independent review of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. The Committee also oversees the financial reporting process by considering the final Statement of Accounts. The Chairman provides an Annual Report of the Governance Committee to the Annual Council Meeting

Overview and Scrutiny. There are two overview and scrutiny committees who support and monitor the work of the Executive. A "call-in" procedure or addition to the work programme allows scrutiny to review Executive decisions before they are implemented, thus presenting challenge and the opportunity for a decision to be reconsidered. The Monitoring Officer provides an Annual Report of the Scrutiny Committee to the Annual Council Meeting.

Standards. The standards of conduct and personal behaviour expected of our members and our officers, our partners and the community are defined in codes of conduct and protocols. These include:

- Members' code of conduct
- An effective performance management system
- Regular performance appraisals for staff linked to corporate and service objectives
- A fraud and corruption policy
- Member/officer protocols
- A Standards Committee.

The Chairman and Monitoring Officer jointly provide an Annual Report of the Standards Committee to the Annual Council Meeting.

We have effective formal and informal complaints procedures. Complaints of service maladministration are investigated and reported to standards committee. Lessons learned from these complaints are reviewed and acted on.

The Monitoring Officer is responsible for considering allegations of Members breaches of the codes of conduct.

Our Solicitor. The Solicitor to the Council provides his opinion on our compliance with our legal obligations.

Financial procedures and Contract Standing Orders. We have to ensure that we act in accordance with the law as well as various other regulations. We have developed policies and procedures for our officers to ensure that, as far as are possible, they understand their responsibilities both to the Council and to the public. Two key documents are the Financial Procedure Rules and the Contract Standing Orders, which are available to all officers via the Council's Intranet, as well as available to the public as part of the Constitution.

Financial Management. Our financial management arrangements conform with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. In addition to the Financial and Contractual procedure rules contained within the constitution, in order to maintain its financial management the Council operates budgetary control procedures which are used in conjunction with a Medium Term Financial Plan (MTFP).

Responsibility for ensuring that an effective system of internal financial control is maintained rests with the Section 151 Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected quickly.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability. On-going development and maintenance of the various processes may be the responsibility of other managers.

In particular, the process includes:

- The setting of annual budgets;
- Producing the Medium Term Financial Plan
- Monitoring of actual income and expenditure against the annual budget;
- A mid-year review of the annual budget;
- Setting of financial and performance targets, including the use of the prudential code and associated indicators;
- Monthly reporting of the Council's financial position to Members;
- Clearly defined capital expenditure guidelines;
- The monitoring of finances against a Medium Term Financial Plan;
- Managing risk in key financial service areas.
- A continuous and effective internal audit.

Through our budget monitoring processes we are able to ensure that financial resources are being used to their best advantage, this includes monthly management reporting to the Corporate Management Team and Members.

Financial planning is underpinned by service planning. Increased expenditure in any service area has to be justified to the Corporate Management Team, and where necessary approved by the Executive. Corporate Management Team is tasked with prioritising resources to ensure that the objectives within Corporate Plan are supported by the individual service plans, and that improvements are in line with corporate objectives.

Policies. Corporate policies on a range of topics such as Equality and Diversity, Customer Care, Data Protection, Human Rights, and Fraud are all subject to internal review. We keep all staff aware of changes in policy, or documentation through a system called Netconsent and where appropriate arrange training for all or key members of staff.

Risk. The risk management strategy, which now forms part of the Governance Local Code, shows the role both Members and Officers have in the identification and minimisation of risk. Risks are recorded in a Corporate Risk Register and are then subject to regular review.

Service Assurance. A Service Assurance Statement is produced annually by all Directors, detailing their assessment of their services. They are required to give assurance that risks have been identified, that sound business arrangements operate in their service areas, and that the service is subject to monitoring and review in order to assess performance.

Performance Management Framework. Progress towards the achievement of our objectives is monitored through our Performance Management Framework. A quarterly Performance Report is produced and reviewed by Corporate Management Team, by Members and by Scrutiny.

Internal Audit. The East Kent Audit Partnership (EKAP) Internal Audit Team reports to the Director of Finance, Housing and Community. They operate under a Charter, which defines their relationship with our officers, and the Governance Committee. Their main responsibility is to provide assurance and advice on our internal control systems to the Corporate Management Team and Members. Internal Audit reviews the adequacy, reliability and effectiveness of internal control and recommends improvements where appropriate. It also supports the development of systems, providing advice on risk and control.

As part of the annual review of governance arrangements and in particular the System of Internal Control, we are required to undertake an annual review of the effectiveness of the system of internal audit.

Service Reviews. Delivering Effective Services (DES). The DES group has been established and consists of a small number of senior managers who carry out the following tasks:

- Act as a Corporate think-tank to aid Service Managers and CMT in decision-making
- Identification of potential budget savings.
- Offer a review service to encourage and produce innovation and transformation in service delivery.
- A review team holding a strategic overview of the organisation (and wider environment) to consider potential duplication as well as the benefits of links between services, both internally and externally, supporting the prevention of silo decision-making and services.

Core Strategy. The Core Strategy is the overarching statutory planning document for the District and was adopted by the Council in February 2010. The Core Strategy identifies the overall economic, social and environmental objectives for the District and the amount, type and broad location of development that is needed to fulfil those objectives.

Land Allocations Document. This follows on from the Core Strategy. Its primary purpose is to identify and allocate specific sites that are suitable for employment, retail and housing development in order to meet the Core Strategy's requirements and makes a major contribution to delivering the Strategy. It covers the same plan period as the Core Strategy.

State of the District report. This is published on our website and revised annually. It is a backward look over the last year using the latest information, data and statistics available at the time of drafting.

Communication and Consultation Policies and strategies are in place. These include the dissemination of information via social media stimulating two way communication and allowing questions to be asked by the public. Our website continues to be used for on-line services. The public can also communicate via Neighbourhood forums.

Equality. We have published our equality objectives and annual report helping to ensure that all groups in our community have a voice, can be heard and know how we make our decisions.

Whistle Blowing. A confidential reporting hotline is in place to enable internal and external whistle blowing. Informants are requested to be open in their disclosure, but it is recognised that on occasions informants will wish to remain anonymous. There are also processes in place for staff to report through their line managers or East Kent Audit.

Employment Stability. The Employment Stability Group considers all requests to fill staff vacancies. The group is chaired by the Director of Governance and supported by the Head of Financial Services and a Human Resources representative. Their recommendations are considered by the Head of Paid Service who provides the final decision as to which posts can be filled.

Partnerships. Partnership evaluation criteria have been established to help ensure that all key governance criteria are incorporated into new and existing partnerships.

## **REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK**

We have a responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. This review is informed by the work of our Internal Auditors and the Head of the Audit Partnership's Annual Report, the work of our Directors and managers who have responsibility for the development and maintenance of the governance environment and by the findings and reports of our external auditors together with any other review agencies or inspectorates.

The Director of Governance has a responsibility for:-

- Monitoring the Constitution and keeping it up to date
- Overseeing and monitoring the Corporate Code of Governance
- Maintaining and updating the code if required by best practice
- Reporting annually to members on compliance with the code

Cabinet

- Setting robust and challenging targets and
- Monitoring the achievement of key priorities

Scrutiny (Policy and Performance) Committee:-

- Monitoring the achievement of key priorities

The Governance Committee:-

- Receive quarterly updates from the Head of the Audit Partnership on the assurance which can be placed against various systems and processes during the year,
- Review the annual assessment at the year end.
- Receive the annual review of internal control
- Receive the annual constitutional review
- Review risk management arrangements
- Receives Quarterly Treasury Management Reports
- Receives the Annual Statement of Accounts

Internal Audit:-

- Required to provide an independent annual statement showing areas of concern
- The level of assurance in respect of systems
- The overall level of assurance

**This year's review has involved:-**

Council

The Corporate plan for 2012-2016 was published in 2012. The Constitution was reviewed in November 2013 and a detailed review of the Scheme of Delegation is currently on-going.

Cabinet

The Council's Quarterly Performance Report was reviewed regularly and shows our performance against our key priorities.

## Scrutiny

The Council's key priorities and Performance Indicators were reviewed regularly and challenged if necessary.

## Governance Committee

The Governance Committee received quarterly updates from the Head of East Kent Audit Partnership on the assurance which can be placed against various systems and processes during the year, including reviews of internal controls, along with the annual assessment. The Committee kept a check on those areas that have not achieved expected levels of audit assurance.

This Committee also reviewed the effectiveness of the Council's risk management arrangements.

The Director of Governance and Solicitor to the Council are responsible for ensuring that the Constitution is subject to annual review. This year's review was agreed by the Governance Committee on 19<sup>th</sup> November 2013 and adopted by Council on 26<sup>th</sup> November 2013. Several amendments to the Constitution were also agreed by the Governance Committee during the year and these are all documented on our website.

## Standards Committee

The Standards Committee received quarterly reports on the progress of formal complaints against the Council and lessons learned from those complaints.

There were no findings against Dover District Council from the Local Government Ombudsman in 2013/14.

The Annual Report of the work of the Standards Committee for 2013/14 was presented to the Annual Council Meeting on 14th May, 2014. This gave a positive opinion on the ethical conduct of the members of this Council.

A new version of the Code of Conduct for Members as well as Towns and Parishes was agreed by Standards Committee in December 2013 and Council in January 2014. It came into effect on 1st February, 2014.

During 2013/14 there were no complaints against members referred to the Monitoring Officer other than those where no further action was taken.

## Internal Audit

### Review of Internal Audit.

The effectiveness of internal audit is monitored jointly by the monitoring Officer and the S151 officer through:-

- Quarterly review meetings with the Head of Internal Audit
- Sign off of the Audit Plan
- Review of the internal audit annual report
- Attendance at Governance Committee
- Review of individual audit reports
- Meetings with the S151 officers of the other partners

The Work of Internal Audit. Based on the work of the EKAP on behalf of Dover District Council during 2013-14, the overall opinion is:

There are no major areas of concern, which would give rise to a qualified audit statement regarding the systems of internal control concerning either the main financial systems or overall systems of corporate

governance. The Council can have very good level of assurance in respect of all of its main financial systems and a good level of assurance in respect of the majority of its Governance arrangements. Many 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. This position is the result of improvements to the systems and procedures over recent years and the willingness of management to address areas of concern that have been raised.

There was one area where only a partially limited assurance level was given which reflected a lack of confidence in arrangements, and this was brought to officers' attention.

There were no fraud investigations carried out.

#### External Reviews.

There were no external reviews held this year

#### Service Reviews during the Year

During the year there were reviews held in the following areas:-

- Communication and Engagement
- Horticulture, Ecology, Landscape Maintenance, Trees and High Hedges

#### Training

Member training is now contained in the constitution where requirements for different roles and committees are explained in detail.

#### Members Code of Conduct

The Principles of Good Conduct are contained within the Member Code of Conduct, a new version of which came into force in February 2014.

### **SIGNIFICANT GOVERNANCE ISSUES DURING THE YEAR**

- Local Government Ombudsman.

There were no findings of maladministration in the year

- This Council was a defendant, (as were virtually all District and Unitary Councils), in proceedings brought by a group of Property Search Companies for fees paid to the Council to access land charges data. This case has now been settled, however a second group of Property Search Companies are also seeking to claim refunds. All potential defendant authorities have signed a standstill agreement and reconciliation of these claims continues, with the hope that they will be settled outside of the Court without the need for proceedings

### **IMPROVEMENTS DURING THE YEAR**

- Data Security has been improved following last year's ombudsman report in which some email addresses were divulged. Managers have received further training on Data Protection and all staff have been asked to complete on-line data protection training.
- IT Equipment, systems and software have all been upgraded to be PSN (Public Sector Network) compliant. This means both staff and members can work safely and securely from any location.

- Members and senior staff have been issued with Ipads, which means that minutes and agendas no longer need to be printed. The payback time is less than 2.5 years.
- A major Constitutional Review of the Scheme of Delegations is currently on going, which started during 2013. This will be report to the Governance Committee in June 2014. The review is proving to be very beneficial to all departments as each director has been directly involved allowing the scheme to be adjusted to meet their needs and understanding.
- The Land Allocations document has reached the public examination stage. The inspector's report is expected in mid-May and will recommend modifications, which will be consulted on before final adoption. The process is now close to the final stage.
- Communication with the public has been enhanced through the use of social media. This provides up to date information and stimulates two-way communication, enabling residents to ask questions on matters that concern them. A quarterly resident's newsletter is also produced electronically. Neighbourhood forums are held regularly for residents who wish to have face-to-face discussions.

**STATEMENT OF THE LEADER OF THE COUNCIL & THE CHIEF EXECUTIVE.**

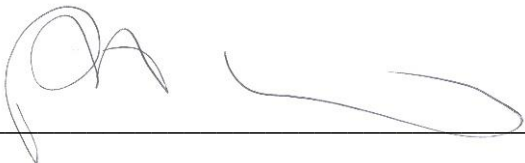
We have been advised on the implications of the result of the review of the effectiveness of the governance framework and plan to address weaknesses and ensure continuous improvement of our systems is in place.

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 and will monitor their implementation and operation as part of our next annual review.

Signatures:

Date: \_\_\_\_\_ 26<sup>th</sup> June, 2014 \_\_\_\_\_

Leader of the Council - Paul Watkins \_\_\_\_\_



Date: \_\_\_\_\_ 26<sup>th</sup> June, 2014 \_\_\_\_\_

Chief Executive - Nadeem Aziz \_\_\_\_\_

