

ANNUAL GOVERNANCE STATEMENT 2010/11

1. Background

The Annual Governance Statement (AGS) is a corporate document involving a variety of people charged with developing and delivering good governance including:

- the most senior Officer and the most senior Member as signatories;
- directors and management assigned with the ownership of risks and the delivery of services;
- the Section 151 Officer who is responsible for the accounting control systems, records and the preparation of the statement of accounts;
- the Monitoring Officer in meeting her statutory responsibilities of ensuring the legality of Council business;
- the Council's Internal Audit Function;
- Members (for example, through the Performance and Governance Committee); and
- others responsible for providing assurance, for example Baker Tilly (as the Council's external auditors) and the Audit Commission.

Thus the AGS, as a corporate document, is owned by all senior Officers and Members of the Council. A shared approach was taken in compiling the AGS with the objective of engaging the whole authority within the process and encouraging a high quality of reflection and corporate learning. This increases the statement's significance and encourages people to objectively assess their responsibilities.

The AGS, together with the system of internal control, is reviewed continually throughout the year as part of routine governance and managerial processes; prime examples being the authority's performance management and risk management systems.

Although corporately owned, the AGS requires assessments/assurance statements from Heads of Service, Directors, the Monitoring Officer and the Section 151 Officer, all of which were obtained as part of the process.

2. Scope of Responsibility

Sevenoaks District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The 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. Sevenoaks District Council seeks to conduct these responsibilities within the framework of achieving continuously improving, high quality service provision to enhance community wellbeing and engagement.

In discharging this overall responsibility, Sevenoaks District Council is also responsible for ensuring that there is a system of corporate governance which facilitates the effective and principled exercise of the Council's functions and which includes arrangements for the management of risk.

The roles of the Chief Executive (as Head of paid Service), the Section 151 Officer, the Monitoring Officer and the Executive Role of Members are defined within Part 13 of the Council's Constitution.

Officers and Members are expected to conduct themselves in a proper manner in accordance with the Constitution and both are expected to declare interests that may impact on the Council's decision making process. These interests are held on a register and are reviewed on a regular basis by the Monitoring Officer.

Sevenoaks 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 our Audit & Efficiency team or via [the Council's website](#). This statement explains how Sevenoaks District Council has implemented both the code and 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 a statement on internal control.

3. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the authority informs, directs, manages and monitors its operations, and its activities through which it accounts to, engages with and empowers the community. It enables the authority to evaluate the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective 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 Sevenoaks 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.

The governance framework has been in place at Sevenoaks District Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

4. The Governance Framework

The following represent the key elements of the governance framework within Sevenoaks District Council:

- The Council's objectives to March 2011 were established and set out in the Sevenoaks District Sustainable Community Action Plan 2010-13 and the Corporate Performance Plan. The Sustainable Community Plan was approved and adopted in March 2010.
- Both of these plans are subject to considerable Member review and challenge by Cabinet, the appropriate Select Committee or the Performance and Governance Committee, the Finance Advisory Group and ultimately by the full Council. These plans are also cascaded to individuals within the Council through Service Plans and individual action plans through the appraisal process. Furthermore the Council has now adopted an approach whereby the appropriate Select Committee scrutinises key proposals prior to Cabinet making its decision.
- Policy and decision-making is facilitated through reports from Officers to Cabinet. Each Cabinet Member has responsibility for a specific portfolio and will take decisions on matters relevant to that portfolio. Committees have the opportunity to 'call-in' the decisions of Cabinet and recommend changes to decisions or policies.
- The Council's Constitution specifies the roles and responsibilities of Members and Officers; and the financial and procedural rules for the efficient and effective discharge of the Council's business.
- Implementation of established policies, procedures, laws and regulations and good practice is achieved through:
 - a) **Internal Audit** – The Council's internal audit team is now provided through a shared services arrangement with Dartford Borough Council in order to generate efficiencies and provide resilience. Although the partnership now includes staff from Dartford, there were no further staff changes within the team. The team continues to work to an approved annual audit plan and undertakes that work in accordance with the CIPFA Code of Practice for Internal Audit in the United Kingdom (revised 2006). Individual audit reports are produced for relevant management, with copies to the Chief Executive, Section 151 Officer and the relevant Director. Annual audit reports are made to the Performance and Governance Committee; this annual report evaluates the overall internal control environment as tested through audit work undertaken in the relevant year. The review of the effectiveness of Internal Audit was assessed in May 2011 as 'satisfactory' in meeting the requirements of an adequate and effective internal audit service.
 - b) **External Audit and Audit Commission** – External audit reports are sent to senior management and Members. Recommendations and comments are considered and discussed with timely actions taken to address agreed recommendations. The Council scored highly in all its recent audit and inspection reports.
 - c) **Financial Management** – A robust budgetary control system is in place and regular monitoring reports are produced for Heads of Services, Management Team, Cabinet, the Performance and Governance Committee and the Finance

Advisory Group. Senior accountants conduct monthly client liaison meetings with responsible budget holders.

- d) **Performance Management** – Monitoring of the achievement of the Council's objectives is undertaken through the Council's performance management system which is developed through monthly monitoring with Head of Service commentaries. Strategic information is reported to Management Team, Cabinet Members and Performance and Governance Committee.
- e) **Arrangements for Partnerships** – The Council believes that it can enhance value for money with service delivery through innovative and cost-effective partnership working. The Council engages in extensive discussion and planning to develop efficient working arrangements while protecting quality of services. The Council has developed a comprehensive partnership toolkit to ensure that partnerships incorporate the Council's culture and comprehensive approach to managing risk. Decisions to enter into partnership working are supported by business cases and cost-benefit analysis, and are subject to scrutiny and approval by Members. The Council has successfully implemented a major shared service project during 2010-11.
- f) **Risk Management** – A risk management strategy is in place and corporate strategic risks have been identified and assessed. Relevant risk owners manage these risks, as well as operational risks. An Officer Risk Management Group is also in place and operates effectively. The Council however recognised the need to take account of technical developments in all aspects of its operations. To this effect, the risk management framework is currently being reviewed with a view to incorporate technical developments and shared working with Dartford Borough Council.
- g) **Relationships and Ethics** – Good co-operative relationships exist between the Council and its external auditors and inspectors and between Officers and Members. Relationships between Officers and Members are guided by a protocol embedded in the Council's Constitution. A written communications protocol has also been established between the Leader and the Chief Executive. The Council has clear Codes of Conduct for Members and Officers within its Constitution, underpinned by a culture of integrity and ethical behaviour. Member conduct is scrutinised by the Standards Committee.
- h) **Service Delivery by Trained and Experienced People** – The Council has a robust recruitment policy and procedures in place. The Council holds Gold status in the Investors in People (IiP) New Choices scheme, conferred by an external inspection regime in November 2009. The Council is the first local authority nationally to achieve this standard. Staff appraisals take place at least annually, including an annual review of service and training planning, training evaluation and recruitment and selection procedures.
- i) **Monitoring Officer** – The Council has appointed a Monitoring Officer to oversee its compliance with laws and statutory obligations. The Monitoring Officer reports to the Council's Standards Committee. Regular meetings between the three statutory Officers (Chief Executive, Corporate Resources

Director and Head of Legal Services) form part of the Council's governance arrangements.

- j) **Anti-fraud and Corruption** – The Council has a fraud and corruption policy, including a whistle-blowing policy, published on its intranet site. Both have been reviewed and updated within the last 12 months. The Council also has a dedicated Benefits Fraud Team and a “fraud hotline”, available to both staff and members of the public, which allows individuals to report anonymously any suspected cases of fraud and corruption. The risks of fraud and corruption have been assessed within the strategic risk register and appropriate measures put in place to mitigate these risks.

5. Review of Effectiveness

- 5.1 Sevenoaks District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the work of the Council's internal auditors and by Heads of Service who have responsibility for the development and maintenance of the internal control environment. It also considers comments made by the external auditors and other external review agencies and inspectorates. The Council is keen to allow itself to be the subject of external scrutiny and challenge.
- 5.2 Though the Government has abolished the previous Comprehensive Area Assessment, the External Auditor was still required to reach a conclusion on value for money. The External Auditor concluded that, for 2009-10, the Council had adequate arrangements in place to ensure value for money was achieved.
- 5.3 Annual internal audit reports are presented to the Performance and Governance Committee (which fulfils the requirements of an Audit and Risk Management Committee), giving the Audit and Efficiency Manager's opinion on the overall internal control and governance environment. Any internal audit review judged “unsatisfactory” or “unacceptable” is subject to timely action plan and follow-up audit.
- 5.4 The opinion of the Audit and Efficiency Manager in the Annual Audit Report to the Performance and Governance Committee for 2010/11 is that the service was “effective”.
- 5.5 Baker Tilly, the Council's previous External Auditor, issued an unqualified opinion on the 2009/10 Accounts. The Council is not aware of any material matters arising from the most recent work undertaken by its current external auditors the Audit Commission.
- 5.6 The Responsible Financial Officer and the Monitoring Officer periodically review the Constitution, procedures for internal financial control and application of the various Codes of Conduct.
- 5.7 The Council has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Council and a

plan to address weaknesses and ensure continuous improvement of the system is in place. Significant issues arising from this review have been highlighted in section 6 below.

5.8 The Council continues to review and improve its governance arrangements. Improvements during 2010/11 include the following:

- Review and update of the Council's Constitution;
- Review and update of the Council's Procurement Strategy;
- Successful implementation of Shared Service arrangements to generate efficiencies, improve quality and resilience;
- The development and testing of the Council's Business Continuity and Incident Management Plan; and
- Review of the work and performance of the Performance and Governance Committee and completion of a self-assessment of the Committee's performance, including an end of year report by the Chairman of the Committee.
- The Standards Committee, comprising of elected Members, independent representatives and Town and Parish Council governs the actions of the executive and ensures that Members adhere to the protocols of Conduct as set out in the Constitution.

6. Significant Governance Issues

The Authority has been served by the Health and Safety Executive with an Improvement Notice in relation to risk assessments relating to mechanical street sweeping operations. The Council is appealing the Notice and at present matters stand adjourned.

..... Date:

..... Date:

Robin Hales

Peter Fleming

Chief Executive

Council Leader

on behalf of Sevenoaks District Council

Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources

June 2011