

## ANNUAL GOVERNANCE STATEMENT 2019/20

### 1. Background

1.1 Further to the Accounts and Audit (England) Regulations 2015, the Council is required to produce an Annual Governance Statement (to be published with its financial statements) which sets out its arrangements for delivering good governance within the framework of sound internal controls.

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

- the Leader of the Council and the Chief Executive (Head of Paid Service) as signatories;
- Chief Officers, Heads of Service and relevant managers assigned with the ownership of risks and the delivery of services;
- the Chief Officer - Finance and Trading who is responsible for the administration of the Council's financial affairs under Section 151 of the Local Government Act 1972;
- the Monitoring Officer in meeting statutory responsibilities of ensuring the legality of Council business;
- the Council's Internal Audit function, in particular the Annual Audit Opinion;
- Members (for example, through the committees such as the Governance, Audit and Scrutiny Advisory Committees); and
- others responsible for providing assurance, in particular Grant Thornton, in their role as the Council's External Auditor.

1.3 Thus the AGS is owned by all Senior Officers and Members of the Council, because governance itself relies on all Officers and Members. A shared approach was taken in compiling the AGS with the objective of engaging all managers integrally involved in the delivery of services covering the whole authority within the process and also encouraging a high degree of reflection and corporate learning. This increases the statement's significance and encourages managers to objectively assess their responsibilities.

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

1.5 Although corporately owned, the AGS requires internal control assessments and assurance statements from individual Heads of Service and relevant managers, Chief Officers, the Internal Audit Manager, the Head of Paid Service, the Monitoring Officer and the Section 151 Officer (Chief Officer - Finance and Trading), all of which were obtained as part of this process.

## **2. Scope of Responsibility**

2.1 Sevenoaks District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law, proper standards, good governance and that public money is safeguarded from waste, extravagance or misappropriation. The Council seeks to ensure that its expenditure and activities are transparent and properly accounted for. Under the Local Government Act 1999 the Council has a duty to make proper arrangements to secure continuous improvement in the way in which it carries out its functions, having regard to ensuring economy, efficiency, effectiveness and fairness in the exercise of its responsibilities. In discharging this overall responsibility, to ensure its business is conducted in accordance with the law, proper standards and delivering continuous improvements. 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 effective management of risk. The Council seeks to conduct these responsibilities within the framework of high quality service provision to enhance and facilitate community wellbeing and engagement.

2.2 The roles of the Chief Executive (as Head of Paid Service), the Section 151 Officer and the Monitoring Officer are defined within Part 13 of the Council's Constitution. The Executive Role of Members is defined within Part 4 of the Council's Constitution.

2.3 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 objectivity of the Council's decision making process. These interests are held on a register and are reviewed on a regular basis by the Monitoring Officer.

2.4 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 the Internal Audit Team, or via the Council's website. This statement explains how Sevenoaks District Council has implemented both the code and the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement. This was last adopted by the Audit Committee on 18 July 2019.

### **3. The Purpose of the Governance Framework**

3.1 The governance framework comprises the systems and processes, culture and values, by which the Council 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.

3.2 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 risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to assess the impact should they be realised, and to manage them efficiently, effectively and economically. It also seeks to maximise available opportunities in achieving good value for money and delivering objectives and priorities.

3.3 The governance framework has been in place at Sevenoaks District Council for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts.

### **4. The Governance Framework**

4.1 The following represent the key elements of the Council's governance framework:

- The Council's vision and promises are set out in its Council Plan which was approved by Council on 20 November 2018. The Council Plan sets out the actions that the Council has committed to undertake to deliver on its promises. The Sevenoaks District Community Plan Priorities document covers the period from 2019-22. Every three years the Community Plan is comprehensively reviewed in consultation with residents and other interested stakeholders. Progress against each of the actions is reviewed quarterly with an Annual Report produced each year.
- The existing plans above are subject to considerable Member review and challenge by Cabinet, or the appropriate Advisory/Scrutiny Committee and ultimately by the full Council. The governance arrangements put in place on 21 May 2019 operated well during the year. The arrangements continue to include an Audit Committee, whose terms of reference is consistent with CIPFA standards. The promises and priorities within the plans are also cascaded to individuals within the Council through Service Plans and individual action plans via the staff appraisal process.

- Policy and decision-making is facilitated through reports from officers to Cabinet and Council. Each Cabinet Member has responsibility for a specific portfolio and will take decisions on matters relevant to that portfolio. Each portfolio also has an Advisory Committee, which will consider officer reports in advance of them being considered by Cabinet and provide their recommendations on the policy direction or decision making of the Cabinet or Council. The Scrutiny Committee has the opportunity to ‘call-in’ the decisions of Cabinet and to 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 service is provided in partnership with Dartford Borough Council.

During 2019/20, the Internal Audit Team have worked to deliver and achieve the annual audit plan, approved by the Audit Committee in March 2019. The service has provided regular updates to Members on the outcomes of audit work, progress on implemented audit actions, and also updates regarding our internal self-assessment and forthcoming External Quality Assessment, against the Public Sector Internal Audit Standards.

Internal audit has issued one adverse audit conclusion in 2019/20 to date. The audit actions arising from this review have already been fully implemented. The Audit Committee request details of outstanding or deferred high priority actions, and while the Committee has not expressed any concerns over 2019/20, they have the power to invite Officers to attend meetings to provide updates directly.

Individual audit reports continue to be issued and distributed to relevant Chief Officers, with copies to the Chief Executive and Section 151 Officer.

The effectiveness of the Internal Audit service was assessed via an internal self-assessment in 2019/20 against the Public Sector Internal Audit Standards. A procurement exercise for a full independent external quality assessment is currently underway, with the intention of this external assessment being completed later in 2020.

The outcomes, along with any actions will be reported to the Audit Committee as soon as practically possible. These outcomes from the External Quality Assessment will be used to create an audit strategy and action plan.

The newly appointed Audit Manager joins the Internal Audit Partnership in May 2020.

The Audit Committee, as those charged with governance, will provide continued oversight and direction as required. As such, the operation of the service will also be monitored by the Strategic Management Team, and the Section 151 Officer.

#### b) External Audit

The external audit service is provided by Grant Thornton. The External Auditor's reports are sent to management and Members (via the Audit Committee). Recommendations and comments are considered and discussed with timely actions taken to address agreed recommendations.

Unqualified opinions were issued in relation to both financial statements and value for money for 2018/19.

#### c) Financial Management

The Section 151 Officer is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves. Assurance on these factors is included in the Annual Budget Report to Council.

A robust budgetary control system is in place and regular monitoring reports are produced for the Strategic Management Team, Heads of Service and relevant managers, Cabinet and the Finance and Investment Advisory Committee. The Finance Team conduct monthly client liaison meetings with responsible budget holders.

#### d) Performance Management

Monitoring of progress towards the achievement of the Council's promises and objectives is undertaken through the Council's performance management system. Performance is monitored monthly and enhanced with commentaries from Heads of Service and Managers where performance is behind target. Strategic information is regularly reported to the Strategic Management Team, Cabinet, Scrutiny Committee and Advisory Committees.

#### e) Arrangements for Partnerships

The Council enhances value for money in 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. Decisions to enter into partnership working are supported by a detailed business case and cost-benefit analysis, and are subject to scrutiny and approval by Members. The Council has partnerships in place for the delivery of services including Licensing, Revenues and Benefits, Internal Audit, Environmental Health and Building Control.

#### f) Risk Management

The Council's risk management processes are reviewed by the Risk Management Group and reported to the Audit Committee as appropriate.

Strategic risks are aligned to the Council's promises and objectives and are actively monitored and updated throughout the year. In 2019/20 the strategic risk register was reviewed and updated, and was reported to Strategic Management Team and the Audit Committee. In 2019/20 Audit Committee Members were also provided with Risk Management training.

#### 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. The Council has clear Codes of Conduct for Members and Officers embedded 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 relevant procedures in place. The Council holds Platinum status in the Investors in People (IiP) scheme, re-conferred by an external inspection regime in January 2019. The Council was the first local authority nationally to achieve this standard. Staff appraisals take place annually and are aligned to the values, behaviours and objectives of the Council. Training and development plans are part of the appraisal process and are used to identify any training needs over the year. As part of the ongoing commitment to develop and nurture staff the Council continued to design, deliver and develop bespoke training courses over the year through the 'Talent in Me' (TIM) programme which is available to all staff and consists of over 60 bite-sized courses.

#### i) Monitoring Officer

The Council's Monitoring Officer oversees compliance with laws and statutory obligations. The Monitoring Officer reports to the Council's Standards Committee.

#### j) Anti-Fraud and Corruption

The Council has an Anti-Fraud and Corruption Strategy and a Whistle Blowing Policy. The Council also has a Counter 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. As part of fraud risk management, all staff and Members are required to complete annual declarations of interests. The risks of fraud and corruption are assessed within the strategic risk register and appropriate measures put in place to mitigate these risks. There were no disclosures or internal investigations during the year.

The Internal Audit Partnership is currently in the process of reviewing and updating the Council's Anti-Fraud and Corruption Strategy and Whistle-blowing policy and will also be completing a health-check of the Council's counter fraud arrangements.

## **5. Role of the Section 151 Officer**

5.1 Section 151 of the Local Government Act 1972 requires that the Council appoint an individual officer to be responsible and accountable for the administration of its financial affairs. The Scheme of Delegation held within Part 13 of Sevenoaks District Council's Constitution assigned this responsibility to the Chief Officer - Finance and Trading during 2019/20.

5.2 CIPFA has issued a Statement on the Role of the Chief Financial Officer in Local Government. This details the governance arrangements and delegated responsibilities considered necessary to facilitate the role of the Section 151 Officer. The Council has considered this Statement, and believes that, during the financial year 2019/20, it has complied fully with the governance requirements of the Statement. The Council's Financial Procedure Rules codified within Appendices D and E of the Constitution ensure that all the appropriate responsibilities are delegated and reserved to the Section 151 Officer as the Statement recommends.

## **6. Covid-19 Governance Impacts**

6.1 From March 2020 there has been a significant impact on Council services as a result of the Covid-19 pandemic. The Council has co-ordinated a response, as well as directly responding itself, to ensure that resources have been prioritised to those most in need with essential assistance being provided right across all parts of the District. Despite the challenges, the Council has also maintained essential services. The robust response to the pandemic has added assurance to the effectiveness of the Council's business continuity plans, communications strategy and governance arrangements.

6.2 The Council is responding and adhering to government guidance in response to the pandemic. Priorities have been changed to focus on the need to distribute emergency food and essential services to vulnerable residents and to provide support to local businesses and protect jobs in the District.

6.3 The Council has been conducting meetings and taking decisions in ways other than face to face so that lawful decisions can still be made to maintain good governance, principles of openness and accountability. The Council has adapted its approach by assessing which decisions need to be made quickly to deal with the pandemic and which can be delayed and re-scheduled. Virtual meetings now occur to ensure that transparency and good governance continues, and we are taking full advantage of the flexibilities that the Coronavirus Act 2020 gives us.

## **7. Review of Effectiveness**

7.1 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 outcome of the work of the Council's internal audit service during the year and by Chief Officers 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.

7.2 The External Auditor concluded that, for 2019/20, the Council had effective arrangements in place to ensure value for money was achieved. An unqualified opinion was issued in relation to the Council's financial statements. The Council is not aware of any issues arising from the current work being undertaken by the External Auditor.

7.3 Internal audit reports are available to the Audit Committee upon request, and the outcomes of audit work is reported regularly. Each year the Committee receive the Annual Internal Audit Report, which includes the Annual Opinion on the Council's internal control, risk management and governance arrangements. The interim opinion for 2019/20 indicates that the Council's control environment is effective.

7.4 The Head of Paid Service and Section 151 Officer and the Monitoring Officer periodically review the Constitution, procedures for internal financial control and application of the relevant Codes of Conduct.

7.5 There were no significant governance issues raised in last year's AGS.

7.6 One significant governance issue have been raised through the AGS process which relates to the Covid-19 pandemic which is included in the table below.

#### Certification

Signed:

Signed:

Dr. Pav Ramewal

Cllr Peter Fleming

Chief Executive

Leader of the Council

Date:

Date:

**Issues Identified**

<b>Identified from</b>	<b>Issue</b>	<b>Description</b>	<b>Responsible Officer(s)</b>
Covid-19 Pandemic	Response to the impacts of Covid-19	An ongoing assessment of the impact of the Covid-19 pandemic on council services and council systems and lessons learned will be undertaken in order to ensure good governance. Council plans and the 10-year budget to be reviewed in the light of the impact of Covid-19.	SMT