

Dover District Council Annual Governance Assurance Statement

1 APRIL 2015 TO 31 MARCH 2016

1. 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.

2. 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 ongoing 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 2016 and up to the date of approval of the Council's accounts.

3. **OUR GOVERNANCE FRAMEWORK**

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

(a) **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 2016-2020 is published and is available on the Council's website. The Council approved a new Corporate Plan in March 2016 which continues with the overall direction of travel as the previous version.

The following strategic priorities have been identified in the 2016-2020 Corporate Plan:

- Thriving Economy
- Clean, Green and Safe Environment
- Healthier People and Communities
- Smarter Council

(b) **Business Plans**

We have business 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.

(c) **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 Monitoring Officer and Solicitor to the Council are responsible for keeping the Constitution under review.

(d) **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.

(e) **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.

(f) **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

(g) **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 Committees to the Annual Council Meeting.

(h) **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 the 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.

(i) **Our Solicitor**

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

(j) **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. The Contract Standing Orders were reviewed and changes approved by the Council at its meeting on 22 July 2015.

The Responsibility for Functions are currently being reviewed and changes will be considered by the Governance Committee during 2016.

(k) 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;
- Quarterly reporting of the Council's financial position to Members;
- Clearly defined capital expenditure guidelines;
- Treasury Management Strategy
- 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 quarterly management reporting to the Corporate Management Team and Members.

Financial planning is underpinned by business 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 business plans, and that improvements are in line with corporate objectives.

(l) **Policies**

Corporate policies on a range of topics such as Equality, Information Governance and Data Protection are all subject to internal review. We keep all staff aware of changes in policy, or documentation through a system called NETconsent. The corporate training needs are identified each year and appropriate training for all or key members of staff is provided.

(m) **Risk**

The risk management strategy, which 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.

(n) **Service Assurance**

A Service Assurance Statement is produced annually by all Directors of this Council and of Shared Services 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.

(o) **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 Cabinet and by the Scrutiny (Policy and Performance) Committee.

(p) **Internal Audit**

The East Kent Audit Partnership 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.

(q) **Service Reviews**

The Delivering Effective Services (DES) group consists of a small number of senior managers, supported by the Corporate Services Team who carry out the following tasks:

- Act as a Corporate think-tank to aid Service Managers and CMT in decision-making
- Identification of potential efficiencies and budget savings.
- Offer a review service to encourage and produce innovation and transformation in service delivery, especially involving the digital agenda.
- 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.

(r) **Digital Service Reviews**

Digital service reviews are undertaken by the DES Group, in conjunction with the Heads of Service, in order to maximise the use of digital technology across the Council, to include:

- A redesign the review process to be focused on digital opportunities for services for the medium term and to assess the resources needed to deliver those opportunities;
- Adoption of a digital project approval process.
- Involvement of a business analyst function during the review processes.
- A proactive role in developing the ICT corporate investment requirements for the future which should include both hardware and software developments.
- Providing a centralised corporate focus for digital innovation and encourage the use of technology for all services.

(s) **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.

(t) **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.

(u) **Communication and Consultation**

Strategies are in place. We have active Twitter and Facebook accounts, enabling the Council to communicate effectively with our communities and also enabling members of the public to communicate their views on a wide range of matters. In 2015 the Council launched its 'Keep Me Posted' email alert service which enables members of the public to subscribe to email messages from the Council on a wide range of topics. Subscribers to the service can choose from as many topics as they wish and can update their preferences as often as they like.

(v) **Equality**

We have published our equality objectives and report helping to ensure that all groups in our community have a voice, can be heard and know how we make our decisions. A revised equality policy was adopted by Cabinet in March 2016.

(w) **Whistleblowing**

A confidential reporting hotline is in place to enable internal and external whistleblowing. 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.

(x) **Employment Management**

The Employment Management Group considers all requests to fill staff vacancies. The group is chaired by the Director of Governance and supported by the Head of Finance, Head of Communications and Engagement and the EK Human Resources Business Partner. Their recommendations are considered by the Head of Paid Service who provides the final decision as to which posts can be filled.

(y) **Partnerships**

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

4. 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 Heads of Services and their managers who have responsibility for the development and maintenance of the governance environment. This review is also informed by the findings and reports of our external auditors together with any other review agencies or inspectorates.

(a) **The Director of Governance has 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

(b) **Cabinet has responsibility for:**

- All Executive Decisions in respect of functions delegated to it by the Leader of the Council
- Setting robust and challenging targets and
- Monitoring the achievement of key priorities

(c) **Scrutiny (Policy and Performance) Committee has responsibility for:**

- Scrutiny of budgets and major policies
- Monitoring the achievement of key priorities
- Scrutiny co-ordination

(d) **The Governance Committee has a responsibility for:**

- Ensuring effective internal audit and internal control arrangements
- Receiving the annual Internal Audit Programme of work
- Receiving quarterly updates from the Head of the Audit Partnership on the assurance which can be placed against various systems and processes during the year
- Reviewing the annual assessment at the year end.
- Receiving the annual review of internal control
- Receiving the annual constitutional review
- Reviewing risk management arrangements
- Receiving Quarterly Treasury Management Reports
- Receiving the Annual Statement of Accounts

(e) **Internal Audit has responsibility to:**

- Provide an independent annual statement on the systems of internal control, highlighting areas of concern
- Report on the level of assurance in respect of the Council's internal control systems
- Provide an overall level of assurance

5. **THIS YEAR'S REVIEW**

(a) **Council**

A new Corporate Plan for 2016-2020 was approved by Council in March 2016.

Article 15 of the Council's Constitution makes provision for the regular review of the Constitution by the Monitoring Officer. During 2015/16 a number of changes have been incorporated to reflect legislative and organisational change, as well as some format changes intended to make the document more accessible. The key focus of the next review due in 2016 review is Part 3 Responsibility for Functions – incorporating amendments required as a consequence of legislative and organisational change and reorganising the delegations into a new easier to read format.

(b) **Cabinet**

Key Executive decisions were considered by the Cabinet, in particular relating to the budget and medium term financial plan, and the delivery of key regeneration priorities.

The Council's Quarterly Performance Report was reviewed quarterly. This examines our performance against agreed performance targets and our key priorities.

(c) **Scrutiny**

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

The Annual Report of the work of the Scrutiny Committees for 2015/16 was presented to the Annual Council Meeting on 18 May 2016. This identified sound

governance arrangements, including an effective scrutiny process, which underpins the achievement of all the Council's corporate objectives.

(d) **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. A full review was not undertaken during 2015/16 however a number of changes have been incorporated to reflect legislative and organisational change, as well as some format changes intended to make the document more accessible. These changes were agreed by the Governance Committee during the year and these are all documented on our website.

The Annual Report of the work of the Governance Committee for 2015/16 was presented to the Annual Council Meeting on 18 May 2016. This gave a positive opinion on the system of internal control. The Governance Committee continued to be assured of the integrity and reliability of data held in financial statements. The work undertaken by Internal and External Audit provided detailed assurance on those areas of the Council's work which were the subject of reports.

The assurances from the Director of Finance, Housing and Community, Director of Governance and Director of Environment and Corporate Assets and the work of Internal and External Audit together supported the Committee in forming their opinion of the financial statements, enabling them to agree to sign the 2014/15 accounts in accordance with the regulations. For this year, the same process provides the committee with the necessary assurances to approve the 2015/16 accounts at its meeting on 30 June 2016.

The submission of this Annual Report continues to enhance the effective communication.

(e) **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 2015/16.

Changes adopted by Council in January 2014, included a provision which allows Members to declare non-financial interests. The Model Code of Conduct continues to be regularly reviewed in order to ensure that it remains fit for purpose. The ability to declare a non-financial interest has been welcomed by Members and has been utilised on several occasions to ensure transparency in decision-making.

Training on the Code of Conduct was provided in May/June 2015 for new Members following the local elections on 7 May 2015.

During 2015/16 the Monitoring Officer received eight complaints, three cases related to Parish Councillors and five related to a District Councillor. No cases were subject to further investigation and the Standards Committee Hearing Panel did not meet during 2015/16 to conduct a hearing into a complaint that had been the subject of an investigation.

During the municipal year 2015/16 there were two requests for dispensation relating to the Kent County Council Electoral Arrangements Review which applied from 16 July 2015 until 6 May 2019.

(f) **Review of Internal Audit**

The effectiveness of internal audit is monitored jointly by the Monitoring Officer and the Section 151 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

(g) **The Work of Internal Audit**

Based on their work undertaken during the year, the Head of the Audit Partnership considers that there are no major areas of concern, which would give rise to a qualified audit statement regarding the systems of internal control.

The report also considers that 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 good level of assurance following audit reviews. The report goes on to state that the Council can be very assured in these areas and that 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 audit review where only a limited assurance level was given and a follow-up has been arranged for the first quarter of 2016/17; 94% of the reviews account for substantial or reasonable assurance on the system of internal control in operation at the time of the review. There were no reviews assessed as having no assurance. During 2015/16 Internal Audit raised and reported to the quarterly Governance Committee meetings 121 recommendations, and whilst 78% were in the High or Medium Risk categories, none were so significant that they needed to be escalated at the time. After follow up there are no high-risk recommendations outstanding at the year-end.

There were no fraud investigations carried out during 2015/16.

(h) **External Reviews**

There were no external reviews held this year.

(i) **Service Reviews during the Year**

During the year reviews were undertaken in the following areas:

- Parking Service
- Digital Services
- Regulatory Services
- Communications
- Document Management

(j) **Training**

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

(k) **Members Code of Conduct**

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

6. **SIGNIFICANT GOVERNANCE ISSUES DURING THE YEAR**

- (a) Local Government Ombudsman. There were seven cases investigated by the Local Government Ombudsman during 2015/16 but no maladministration was found.
- (b) DBS checks required for certain posts to meet our 2015 PSN obligations and the 2016 PSN requirements.
- (c) The transition to Individual Electoral Registration ended with the publication of the Register of Electors on 1 December 2015. All applications to register are now the subject of identity checks by the Electoral Registration Officer.
- (d) 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. The first claim has now been settled, a second claim has also been settled although the costs remain to be agreed.
- (e) Corporate information governance – an East Kent Corporate Information Governance Group has been established and meets regularly to improve the management and security of sensitive data. The Group is developing a number of new and revised policies which will be subject to staff consultation before adoption during 2016/17
- (f) Parliament now sits for a fixed term of five years. The General Election held on 7 May 2015 coincided with the District Council and Parish elections. This was the most complex set of elections held for many years, with a high turnout that impacted on the polling stations and election counts. To successfully deliver these elections efficiently and effectively required the involvement of most Council staff on the day, whilst a significant number of key staff were seconded to election duties, before the date.

- (g) Work on revised Statement of Particulars and a Conditions of Service Handbook, which incorporates a revised Employee Code of Conduct and a range of updated policies was progressed. This will be the subject of formal consultation with all staff during the early summer 2016, with the aim of seeking General Purposes Committee approval in September 2016.
- (h) The Council is the strategic procurement lead in procuring a new telephone system on behalf of all three East Kent partners. The new system will be implemented during 2016/17.
- (i) East Kent Services Collaboration Agreement – a further review of the Collaboration Agreement for EKS and EKHR was undertaken and approved for sealing by this Council in January 2015 and by the East Kent Services Committee in February 2015. The process of sealing began in April 2015, but a number of subsequent minor legislative changes will require the schedules to be reconsidered by each Cabinet and Council and EKSC before formal sealing can be finalised.
- (j) The Assets of Community Value requirements have added an additional responsibility for the Council, dealing with high profile listing and, in some cases, reviews of listings.

7. IMPROVEMENTS DURING THE YEAR

- (a) The Council obtained Public Sector Network (PSN) Compliance for 2015. This included IT Equipment, systems and software upgrades to ensure PSN compliance. Staff and members can work safely and securely from any location.
- (b) In February 2015 the three SIROs (Senior Information Risk Owner) and their deputies of the Councils of Canterbury, Dover and Thanet together with key staff from EKS (ICT), EKHR and EKAP formed the East Kent Corporate Information Governance Group. The main objective was to provide support to the SIROs and to develop a suite of Information Governance Policies for the three Councils. These policies and their overarching framework will be the subject of formal consultation with all staff during summer 2016, with the aim of seeking General Purposes Committee approval in autumn 2016 before formal launch with the intention of affecting behavioural change.
- (c) The use of digital technology across the Council has continued to grow which will enable more efficient processes to be adopted.
- (d) Safeguarding Children was identified as a key issue for the Council and suitable online training was provided for all staff.
- (e) All staff were required to undertake data protection training as well as a range of health and safety training (display screen equipment; fire safety; basic manual handling; slips, trips and falls and basic personal safety) via the Council's online e-learning system.
- (f) A Health and Safety Project Team supported the production of risk assessments for every service across the Council. The Project Team has identified corporate training needs across the Council which support managers in mitigating the key risks.

8. **STATEMENT OF THE LEADER OF THE COUNCIL AND 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.

Signature: _____ Date: _____
Councillor Paul Watkins
Leader of the Council

Signature: _____ Date: _____
Nadeem Aziz
Chief Executive