

Agenda Item 8

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Date	17 th March 2016		
Ward (s) affected	All	Key Decision	No
Subject	Corporate Governance – Annual Review		
RECOMMENDATIONS			
The Audit Committee is asked to:			
<ul style="list-style-type: none"> • Consider the contents of this report and confirm they are satisfied with the Corporate Governance arrangements • Note the progress made against areas of focus identified in the 2015 Annual Governance Statement • Make observations or recommendations to the Executive if appropriate 			
EXECUTIVE SUMMARY			
This report:			
<ul style="list-style-type: none"> • Provides assurance of the adequacy of corporate governance arrangements • Gives an update on progress made against the areas of focus as identified in the 2015 Annual Governance Statement 			
CORPORATE PRIORITIES			
Strong governance arrangements mean that resources are directed in accordance with agreed policy and according to priorities set out in the Corporate Strategy; that there is sound and inclusive decision making; and that there is clear accountability for the use of those resources, in order to achieve desired outcomes for residents and customers.			
The Committee has the authority to determine the Recommendations			

1. Background

- 1.1 Corporate governance comprises the systems, processes, cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
- 1.2 Mole Valley District Council (MVDC) operates a governance framework which reflects legislative requirements, sound governance principles and management processes. This enables the Council to implement its vision and to engage effectively with its residents and customers and ensure good outcomes for them.
- 1.3 The Council's Code of Corporate Governance was agreed by the Audit Committee in November 2013. It is based on the principles contained in the Delivering Good Governance framework (2007) and guidance (2012) published by CIPFA/SOLACE. This guidance is currently being updated by CIPFA and is due to be published in April 2016. We will review our framework once the new guidance is available to ensure that our governance arrangements continue to meet current best practice.
- 1.4 Our governance arrangements are reviewed annually by establishing the extent to which we are complying with our Code. This is then reported in our Annual Governance Statement (AGS) which is a public report. The statement sets out how the Council meets a range of detailed governance standards, along with any areas of focus for the future.
- 1.5 The AGS is signed by the Chief Executive and the Leader and included with the Statement of Accounts, as required by the CIPFA / SOLACE framework, the Statement of Recommended Practice (SORP) 2007 and the Accounts and Audit (England) Regulations (2011).

2. Internal and External Audit Review

- 2.1 The draft AGS for 2014/15, including areas of focus for 2015/16, was reported to Audit Committee as part of the Statement of Accounts on 30th June. This was then subject to external audit over the summer. The AGS and Statement of Accounts were approved on 17th September 2015. The external auditors' draft annual Audit Findings Report anticipated that MVDC would be provided with an unmodified audit report and that the AGS fully complied with the CIPFA/SOLACE framework.
- 2.2 In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion for 2014/15 was included in the Internal Audit Annual Report.
- 2.3 Governance arrangements were found to be sound and risk management was considered effective and fit for purpose. Adequate and effective controls were found to be in place for internal control, however some weaknesses in individual areas were identified and improvement in the implementation of recommendations is under discussion with the auditors.
- 2.4 Some areas for improvement in individual service areas were identified in Internal Audit Progress Reports during 2014/15. Property maintenance received an amber/red opinion following an internal audit of the function in November 2014. Implementation of the recommendations arising from that audit was added to the areas of focus for 2015/16 and an update is given in the table below.
- 2.5 An amber/red opinion was also given in relation to procurement following an internal audit in January 2015. Following a recommendation from the Internal Auditor, procurement has been added to the list of areas subject to annual updates to the Audit Committee. The other

recommendations put forward by the auditors are being progressed, as referenced in the areas of focus table below.

3. Summary of key activity during 2015/16

3.1 Ensuring that the Council's governance arrangements are fit for purpose is an ongoing process. The Annual Governance Statement 2015 identified a number of areas of focus. The table below provides an update of progress made.

	Areas of Focus 2015/16	Deadline	Update
1.	Develop a forward plan for community engagement, consultation and communication in line with our corporate priorities	Sept 2015	COMPLETED A Communications Forward Plan has been developed and is being implemented.
2.	Review and update the Asset Management Strategy and Plan	Sept 2015	COMPLETED The Asset Management Strategy and Plan went to Scrutiny Committee and were approved by the Executive in October 2015.
3.	a) Review and update the Anti Fraud and Corruption Policy	Dec 2015	IN PROGRESS The draft revised Anti Fraud and Corruption Policy, plus a draft Anti Fraud and Corruption Strategy and draft Prosecution and Sanctions Policy were considered by Audit Committee in November 2015 and by staff representatives in February 2016. The three statements are due to return to Audit Committee in June 2016, prior to approval by the Executive in July 2016.
	b) Review and update the Whistle Blowing Policy	Dec 2015	COMPLETED The Whistle Blowing Policy has been revised; staff representatives were consulted in February 2016 and the policy is due to go to Audit Committee in June 2016, prior to approval by the Executive in July 2016.
4.	Review and update the Procurement Strategy	Dec 2015	IN PROGRESS A draft Corporate Procurement Policy, incorporating an action plan, was considered by Audit Committee in November 2015 and the Committee's comments will be incorporated within a revised version to be presented back to Audit Committee in June 2016, prior to approval by the Executive in July 2016. Recommendations arising from the internal audit of procurement are being progressed:

	Areas of Focus 2015/16	Deadline	Update
			<p>Completed: A set of procurement performance indicators.</p> <p>Completed: Review of contract standing orders.</p> <p>In progress: Contract standing orders waiver register.</p> <p>In progress: Revision of Procurement Code of Practice.</p>
5.	Embed principles for working in partnership	March 2016	<p>IN PROGRESS</p> <p>This is an on-going piece of work. As MVDC continues to explore and develop opportunities for working in partnership, the principles that were adopted in 2014/15 are a source of reference to ensure any governance arrangements that are put in place are robust.</p>
6.	<p>Implement recommendations arising from Property Maintenance audit which received an amber/red rating in November 2014</p> <p><i>(Additional area of focus - added after publication of the Annual Governance Statement)</i></p>	Oct 2015	<p>IN PROGRESS</p> <p>Recommendations relating to improving the design and compliance with our control framework are being progressed:</p> <p>Completed: Asset Management Strategy and Plan (see 2 above).</p> <p>In progress: Schedule of condition surveys and maintenance programme.</p> <p>In progress: Procurement of new contracts in compliance with contract standing orders</p>

4. Next Steps

4.1 The annual review of governance arrangements will be undertaken to establish the extent to which we are complying with the MVDC Code of Corporate Governance.

4.2 This will then be reported in our Annual Governance Statement which is a public report. The statement sets out how the Council meets a range of detailed governance standards along with any changes planned for the future. This will be presented to Audit Committee in June 2016.

CORPORATE IMPLICATIONS

Financial Implications

There are no financial implications arising as a direct consequence of this report.

S151 Officer commentary

I confirm that all financial implications have been taken into account.

Legal Implications

There are no legal implications arising as a direct consequence of this report.

Monitoring Officer commentary

I confirm that all legal implications have been taken into account.

Risk Implications

The council is responsible for the governance of risk and good governance requires that risk management is embedded into the culture of the organisation. Ensuring that an effective risk management system is in place is one of the supporting principles enshrined in the updated Code of Corporate Governance.

Equalities Implications

There are no equalities implications arising as a direct consequence of this report.

Employment Issues

There are no employment implications arising as a direct consequence of this report.

Sustainability Issues

There are no sustainability implications arising as a direct consequence of this report.

Consultation

There are no consultation issues in this report.

BACKGROUND PAPERS

Delivering Good Governance in Local Government: Framework [Chartered Institute of Public Finance (CIPFA) in association with the Society of Local Authority Chief Executives (SOLACE), 2007]

Delivering Good Governance in Local Government: Guidance Note for English Authorities [CIPFA/SOLACE, 2012]

