

# Annual Governance Statement 2021/22



## 1. Scope of Responsibility

East Herts Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. East Herts 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.

In discharging this overall responsibility, East Herts Council is responsible for ensuring arrangements are in place for the good governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

East Herts 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 2016.

This statement explains how East Herts Council has complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

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

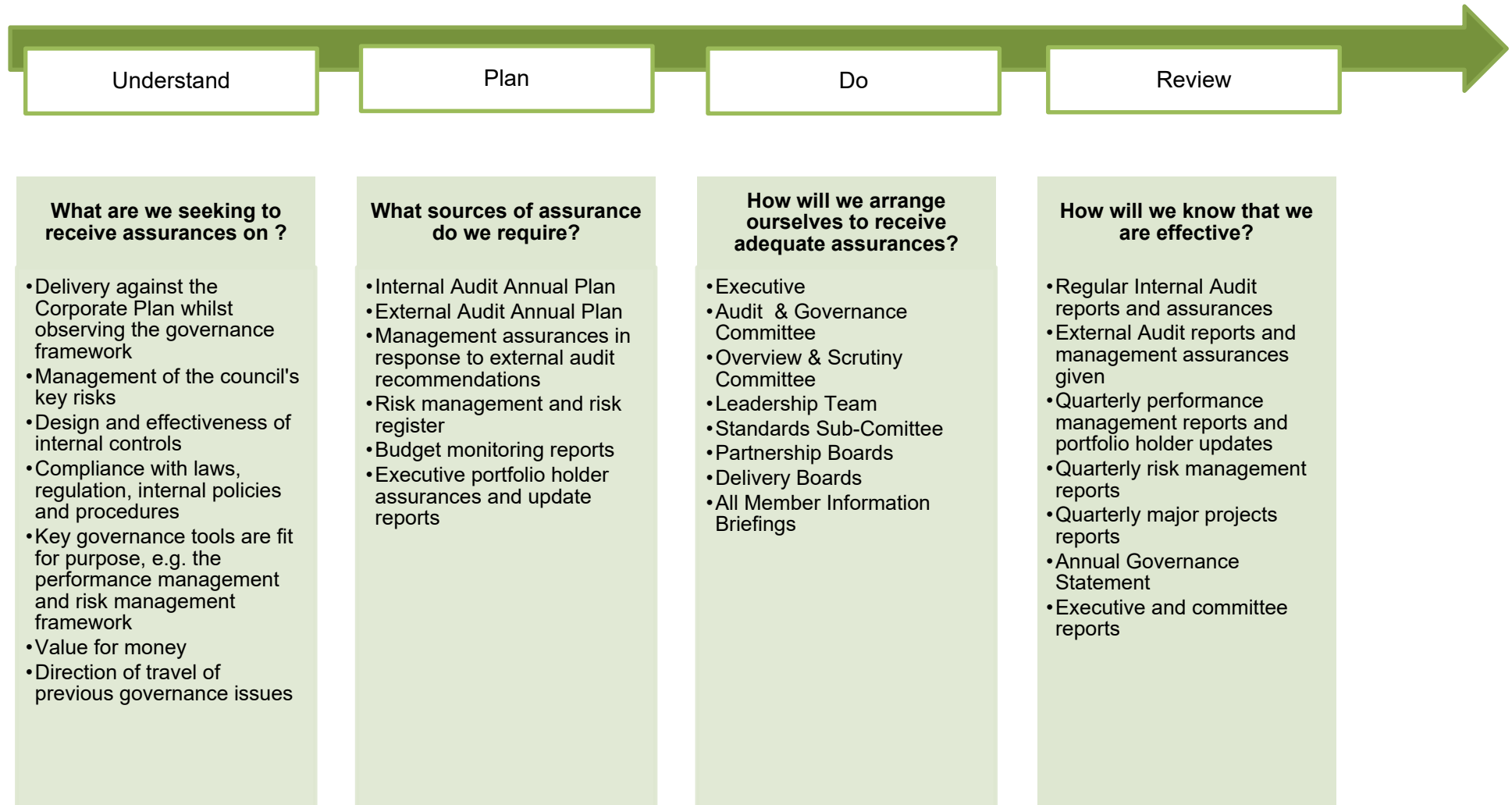
The governance framework comprises the cultures, values and systems and processes by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services and value for money. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making; and
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

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 assessment/assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Herts 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 East Herts Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

### 3. Assurance Cycle



## 4. The Governance Framework



Source: CIPFA 2016

Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p><b>Behaving with integrity</b></p> <ul style="list-style-type: none"> <li>Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Codes of conduct for Members and Officers</li> <li>Members sign an individual commitment to comply with the Code</li> <li>Induction for new Members on the Code of Conduct and staff on standards of behaviour expected</li> <li>Performance appraisals</li> <li>Related party transaction declarations</li> <li>Action taken on Local Government Ombudsman (LGO) complaints</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Plan sets operating direction and organisational values approved by the Council</li> <li>Member Code of Conduct is based on Nolan Principles</li> <li>Corporate objectives cascaded down into Service Plans</li> <li>Corporate Plan and Service Plan objectives reflected in individual appraisal goals</li> </ul>
	<ul style="list-style-type: none"> <li>Leading by example and using these standard operating principles or values as a framework for decision making and other actions</li> </ul>	<ul style="list-style-type: none"> <li>Members trained on and familiar with code of conduct requirements</li> <li>Declarations are made at, and recorded, at meetings</li> <li>Meetings conducted according to values</li> <li>Standards Sub-Committee in effective operation including delivering training sessions to others to be proactive in communicating positive messages about good conduct</li> <li>Requirement for elected Members to be specifically trained before serving on Planning and/or Licensing Committees</li> </ul>
	<ul style="list-style-type: none"> <li>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</li> </ul>	<ul style="list-style-type: none"> <li>Anti-fraud and anti-corruption policies are working effectively</li> <li>Up-to-date register of interests (Members and staff)</li> <li>Related Party Transactions completed annually</li> <li>Up-to-date register of gifts and hospitality</li> <li>Whistleblowing policies are in place, up to date and protect individuals raising concerns</li> </ul>

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		<ul style="list-style-type: none"> <li>• Whistleblowing policy has been made available to members of the public, employees, partners and contractors</li> <li>• Complaints policy in place and reported upon annually to Executive</li> <li>• All policies are managed through corporate performance management system to ensure effective and timely review with communication of changes and provision of training as appropriate</li> <li>• Policies are published online to demonstrate openness and transparency</li> <li>• Changes/improvements as a result of complaints received and acted upon and reported in annual report to Members</li> <li>• Members and officers code of conduct refers to a requirement to declare interests</li> <li>• Minutes show declarations of interest were sought and appropriate declarations made</li> <li>• Relevant recommendations from LGO incorporated into future working practices and procedures</li> <li>• Legal implications identified in all Executive and committee reports</li> </ul>
	<b>Demonstrating strong commitment to ethical values</b> <ul style="list-style-type: none"> <li>• Seeking to establish, monitor and maintain the organisation's ethical standards and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Good ethical governance is championed by Members, particularly through Executive, the Standards Sub-Committee, the Monitoring Officer and Leadership Team</li> <li>• Audit &amp; Governance Committee takes the lead in overseeing and promoting good governance</li> <li>• Clear mechanisms in place for reporting / referral to Monitoring Officer</li> </ul>
	<ul style="list-style-type: none"> <li>• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of ethical awareness training including thorough Code of Conduct training</li> <li>• Standards Sub-Committee takes the lead in promoting this</li> </ul>

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	<ul style="list-style-type: none"> <li>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> </ul>	<ul style="list-style-type: none"> <li>Appraisal process in place</li> <li>Procurement policy and approach include good governance and ethical conduct</li> <li>Requirement to declare conflicts of interest</li> <li>Robust processes with checks and balances to ensure that procurement is undertaken in accordance with the principles of transparency, fairness and equal treatment.</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Partnership Guidelines and reviews</li> <li>Procurement Strategy showing commitment to local businesses and SMEs</li> <li>Adhering to Bribery and Anti-Corruption policies as required by the Council</li> <li>Ensuring confidentiality of information throughout the process</li> <li>Data protection requirements specifically built into contract specification</li> </ul>
	<b>Respecting the rule of law</b> <ul style="list-style-type: none"> <li>Ensuring Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Constitution</li> <li>Statutory guidance and provisions are followed</li> <li>These are assessed through internal and external audit</li> <li>Audit &amp; Governance Committee oversee this</li> <li>Legal implications identified in all Executive and committee reports</li> </ul>
	<ul style="list-style-type: none"> <li>Creating the conditions to ensure that the statutory officers, other key post holders and Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Job description/specifications</li> <li>Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016). The Council's arrangements conform to these governance requirements with the CFO reporting directly to the Chief Executive</li> <li>Legal implications identified in all Executive and committee reports</li> <li>The Monitoring Officer routinely attends Leadership Team meetings.</li> <li>The CFO routinely attends Leadership Team. In addition, the CFO has access to (and regularly attends) the Audit &amp; Governance Committee and to the internal and external auditors. In performing the role, the CFO is able to bring influence to bear on all material decisions of the</li> </ul>

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		Council through advice and guidance on all corporate reports. As part of that role, the CFO leads on the budget monitoring reports, financial strategy reports and is able to promote to the organisation the delivery of good financial management. In discharging this role, the CFO is supported by a team of officers, including a deputy, and these arrangements ensure that the CFO has adequate resources to support the design and maintenance of sound financial governance arrangements.
	<ul style="list-style-type: none"> <li>Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Executive reports / decision making reports all document legal advice / implications</li> <li>Where appropriate, make use of general power of competence e.g. Millstream or the power to charge for discretionary services</li> </ul>
	<ul style="list-style-type: none"> <li>Dealing with breaches of legal and regulatory provisions effectively</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring Officer takes lead role in ethical governance and ensuring compliance with the law</li> <li>Decision making process incorporates this</li> <li>Legal team provide in-house advice and guidance</li> <li>Statutory teams familiar with and operating effectively to deliver on their statutory duties</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring corruption and misuse of power are dealt with effectively</li> </ul>	<ul style="list-style-type: none"> <li>Effective anti-fraud and anti-corruption policies and procedures are in place and are regularly updated and incorporated into all contracts</li> <li>Assurance mapping exercise to be completed by Internal Audit will improve likelihood of detection</li> <li>Grievance and disciplinary code for officers</li> <li>Monitoring Officer at senior level within the organisation</li> <li>Mature and experienced Standards Sub-Committee</li> <li>360 appraisal of managers acts as an additional layer of challenge</li> <li>Annual appraisal review assesses competencies and behaviours.</li> </ul>
<b>B Ensuring openness and comprehensive stakeholder engagement</b> Local government is run for the public good; organisations therefore should ensure	<b>Openness</b> <ul style="list-style-type: none"> <li>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly performance reports to record performance against Corporate Plan</li> <li>Freedom of Information publication scheme</li> <li>Information Governance Team input to all FOI requests to ensure that exemptions are not unreasonably applied</li> <li>Data Protection Information Charter</li> </ul>



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<p>openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders</p>		<ul style="list-style-type: none"> <li>• Compliance with the General Data Protection Regulation 2016 and Data Protection Act 2018</li> <li>• Transparency web pages</li> <li>• Website publishes clear and accessible information</li> <li>• Public inspection of accounts</li> <li>• Annual publication of accounts</li> <li>• Public consultation on new policies and individual development applications.</li> <li>• Webcasting of all Committee meetings since the COVID 19 Pandemic</li> </ul>
	<ul style="list-style-type: none"> <li>• Making decisions that are open about actions, plans, use of resources, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided in accordance with rules governing e.g. exemptions.</li> </ul>	<ul style="list-style-type: none"> <li>• Record of decision making and supporting materials</li> <li>• Publish decisions by Members and Officers in accordance with the Constitution, Scheme of Delegation, Financial Procedure Rules and Contract Procedure Rules.</li> <li>• Forward Plan promotes community interest in democracy by publishing report schedule</li> </ul>
	<ul style="list-style-type: none"> <li>• Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> </ul>	<ul style="list-style-type: none"> <li>• Decision making protocols</li> <li>• Report template including requirement to obtain professional advice in key areas</li> <li>• Meeting reports show details of advice given</li> <li>• Discussion between Members and officers on the information needs of Members to support decision making</li> <li>• Committee work programmes</li> <li>• Agreement on the information that will be provided and timescales</li> <li>• Calendar of dates for submitting, publishing and distributing timely reports is adhered to</li> </ul>
	<ul style="list-style-type: none"> <li>• Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</li> </ul>	<ul style="list-style-type: none"> <li>• Community Engagement Strategy</li> <li>• Annual budget consultation</li> <li>• Consultation on Master Plan options</li> <li>• All Member Information sessions</li> <li>• Online consultation exercises</li> </ul>

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	<b>Engaging comprehensively with institutional stakeholders</b> <ul style="list-style-type: none"> <li>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> </ul>	<ul style="list-style-type: none"> <li>Communications Strategy and specific communications strategies for major projects</li> <li>Local ward Member communication networks</li> <li>Specific consultation with underrepresented groups through Equalities Strategy</li> <li>Community Engagement Strategy</li> <li>Statement of Community Involvement for District Plan</li> </ul>
	<ul style="list-style-type: none"> <li>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</li> </ul>	<ul style="list-style-type: none"> <li>Online databases of residents who register to be kept informed / consulted about matters e.g. planning policy</li> <li>Significant partnership working e.g. Harlow &amp; Gilston Garden Town, Hertfordshire Growth Board</li> <li>Shared services for Revenues &amp; Benefits, ICT, Waste and Recycling Services, Building Control, CCTV and Equalities. The Council is also part of the Hertfordshire Emergency Resilience Partnership.</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>Trust</li> <li>a shared commitment to change</li> <li>a culture that promotes and accepts challenge among partners</li> <li>and that the added value of partnership working is explicit</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Shared services for Revenues &amp; Benefits, ICT, Waste and Recycling Services, Building Control, CCTV and Equalities</li> <li>Joint Committee/Joint Member Boards/Officer Boards as appropriate with a shared commitment to improvement, cost reduction and value for money</li> <li>Open culture of challenge between partners to seek improvement</li> </ul>
	<b>Engaging stakeholders effectively, including individual citizens and service users</b> <ul style="list-style-type: none"> <li>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve</li> </ul>	<ul style="list-style-type: none"> <li>Online record of public consultations</li> <li>Feedback reports on public consultations</li> <li>Consultation responses included in relevant Executive reports e.g. budget</li> <li>Service user satisfaction surveys</li> </ul>

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	individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	
	<ul style="list-style-type: none"> <li>Ensuring that communication methods are effective and that Members and officers are clear about their roles with regard to community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Communications Strategy</li> <li>Monitoring reports on the effectiveness of our communications output including regular reports on the effectiveness of East Herts Council's Social Media Usage</li> <li>Communications and media training for Members and Senior Leadership Team</li> </ul>
	<ul style="list-style-type: none"> <li>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</li> </ul>	<ul style="list-style-type: none"> <li>Communications Strategy</li> <li>Community Engagement Strategy</li> <li>Resident Satisfaction Survey as part of budget consultation</li> <li>Themed consultation exercises</li> </ul>
	<ul style="list-style-type: none"> <li>Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</li> </ul>	<ul style="list-style-type: none"> <li>Feedback included online in response to consultations</li> <li>Reports to Executive include feedback on consultation e.g. budget report</li> <li>Extensive use of East Herts Council's social media to interact with communities</li> </ul>
	<ul style="list-style-type: none"> <li>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Equalities Objectives</li> <li>Equalities Policy and Action Plan</li> <li>Consultation with specific underrepresented groups within our community</li> </ul>
	<ul style="list-style-type: none"> <li>Taking account of the interests of future generations of tax payers and service users</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Plan</li> <li>Executive / Scrutiny reports</li> <li>Strategic Housing Needs Assessment</li> <li>Harlow &amp; Gilston Garden Town</li> </ul>
<b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	<b>Defining outcomes</b> <ul style="list-style-type: none"> <li>Having a clear vision which is an agreed formal statement of the organisation's purpose and intended</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Plan</li> <li>Published performance indicators</li> <li>MTFP and Capital Programme to fund ambitions</li> <li>Commercial Strategy development</li> </ul>

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<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions</p>	<ul style="list-style-type: none"> <li>• Performance management report</li> <li>• Pentana performance management system</li> <li>• Statement of organisational values</li> </ul>
	<ul style="list-style-type: none"> <li>• Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Community engagement</li> <li>• Consultation strategy</li> <li>• Service plans</li> </ul>
	<ul style="list-style-type: none"> <li>• Delivering defined outcomes on a sustainable basis within the resources that will be available</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly budget reports</li> <li>• Quarterly performance monitoring reports</li> <li>• Medium Term Financial Plan</li> <li>• Capital Programme</li> <li>• Commercial Strategy development</li> </ul>
	<ul style="list-style-type: none"> <li>• Identifying and managing risks to the achievement of outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management report</li> <li>• Risk management training</li> <li>• Risk assessments for specific projects</li> <li>• External Audit report giving assurance that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources</li> </ul>
	<ul style="list-style-type: none"> <li>• Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</li> </ul>	<ul style="list-style-type: none"> <li>• Service plans</li> <li>• Performance indicators</li> <li>• Executive reports identify issues of competing community demands</li> <li>• How your Council Tax is Spent information issued with annual Council Tax bills</li> </ul>
	<p><b>Sustainable economic, social and environmental benefits</b></p> <ul style="list-style-type: none"> <li>• Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</li> </ul>	<ul style="list-style-type: none"> <li>• Capital programme</li> <li>• Medium Term Financial Plan</li> <li>• Treasury management strategy</li> <li>• Corporate Plan</li> <li>• Commercial Strategy</li> </ul>

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	<ul style="list-style-type: none"> <li>• Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate plan with four year time horizon</li> <li>• Medium Term Financial Plan</li> <li>• Reports on decision making</li> <li>• Mandatory training (e.g. for the Development Management Committee)</li> </ul>
	<ul style="list-style-type: none"> <li>• Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation and community engagement strategy</li> <li>• Consultation and community engagement diary</li> </ul>
	<ul style="list-style-type: none"> <li>• Ensuring fair access to services</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service strategy</li> <li>• 24/7 Website offering online services</li> <li>• Transparency webpages</li> <li>• Clear policies explaining the Council's processes and what customers can expect from the Council e.g. housing allocations</li> </ul>
<b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b> Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making	<b>Determining interventions</b> <ul style="list-style-type: none"> <li>• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</li> </ul>	<ul style="list-style-type: none"> <li>• Options appraisals within key decision reports</li> <li>• All Executive reports available for consideration at Overview &amp; Scrutiny</li> <li>• Reports to Audit &amp; Governance Committee</li> <li>• Legal, Financial and HR implications considered as part of every decision and evidenced within committee reports</li> <li>• Individual risk assessment on larger projects</li> </ul>
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills,	<ul style="list-style-type: none"> <li>• Consultation outcomes incorporated within key Executive / Council reports</li> <li>• Specific consultation part of the annual budgeting process</li> <li>• Complaints process</li> </ul>

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mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations.	land and assets and bearing in mind future impacts.	
	<b>Planning interventions</b> <ul style="list-style-type: none"> <li>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</li> </ul>	<ul style="list-style-type: none"> <li>Calendar of meetings</li> <li>Annual work programmes for Audit &amp; Governance and Overview &amp; Scrutiny Committees</li> <li>Executive Forward Plan</li> </ul>
	<ul style="list-style-type: none"> <li>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> </ul>	<ul style="list-style-type: none"> <li>Communication strategy</li> <li>East Herts Together</li> </ul>
	<ul style="list-style-type: none"> <li>Considering and monitoring risks facing each partner when working collaboratively including shared risks</li> </ul>	<ul style="list-style-type: none"> <li>Risk management report</li> <li>Risk identified within Executive reports</li> <li>Risk register for specific projects</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances</li> </ul>	<ul style="list-style-type: none"> <li>Report cycles allow flexibility to respond to changing priorities</li> </ul>
	<ul style="list-style-type: none"> <li>Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Plan KPIs in place</li> <li>Service plan KPIs established</li> <li>Financial performance regularly measured through quarterly budget meetings and report</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring capacity exists to generate the information required to review service quality regularly</li> </ul>	<ul style="list-style-type: none"> <li>Pentana is the Council's online performance management system</li> <li>Quarterly performance management reports</li> <li>Members have on-line access to Pentana</li> </ul>
	<ul style="list-style-type: none"> <li>Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan</li> </ul>	<ul style="list-style-type: none"> <li>Clear alignment between corporate objectives and resources</li> <li>Regular budget monitoring analysis and reporting across all Council Services</li> </ul>
	<ul style="list-style-type: none"> <li>Informing medium and long term resource planning by drawing up realistic estimates of revenue and</li> </ul>	<ul style="list-style-type: none"> <li>Medium Term Financial Plan</li> <li>Capital Strategy – reports to Executive / Audit and Governance Committee on performance / progress</li> </ul>

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	capital expenditure aimed at developing a sustainable funding strategy	
	<b>Optimising achievement of intended outcomes</b> <ul style="list-style-type: none"> <li>Ensuring the Medium Term Financial Plan integrates and balances service priorities, affordability and other resource constraints</li> </ul>	<ul style="list-style-type: none"> <li>Annual budget consultation</li> <li>Audit and Governance Committee Reports</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li> </ul>	<ul style="list-style-type: none"> <li>Full and detailed budgeting exercise, both capital and revenue, over the medium term</li> <li>Internal and External Audit review</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring the Medium Term Financial Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</li> </ul>	<ul style="list-style-type: none"> <li>MTFP identifies plan for savings</li> <li>Transformation Programme business case predicts a minimum amount of £1 million of savings from changes to the customer service model and moving the financial system to the cloud. Further budget reductions will come from additional income following the Fees and Charges Policy and the Commercial Strategy.</li> <li>External auditor report gives assurance</li> <li>Quarterly budget reporting</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community over and above the direct purchasing of goods, services and outcomes"</li> </ul>	<ul style="list-style-type: none"> <li>Procurement strategy identifies social value</li> <li>Social value assessed as part of award process under procurement</li> </ul>
<b>E. Developing the entity's capacity, including the</b>	<b>Developing the entity's capacity</b>	<ul style="list-style-type: none"> <li>Assets Strategy</li> <li>Asset Management Group – regular review of assets</li> </ul>

Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
<b>capability of its leadership and the individuals within it</b> Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the	<ul style="list-style-type: none"> <li>• Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial Strategy</li> </ul>
	<ul style="list-style-type: none"> <li>• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarking</li> <li>• LGA Peer Review on services</li> <li>• External Audit Use of Resources Statement</li> <li>• Local benchmarking exercise at Service level</li> </ul>
	<ul style="list-style-type: none"> <li>• Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> </ul>	<ul style="list-style-type: none"> <li>• Significant commitment to partnership working</li> <li>• Joint working / shared services</li> </ul>
	<ul style="list-style-type: none"> <li>• Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</li> </ul>	<ul style="list-style-type: none"> <li>• Review of workforce development plan and strategy</li> <li>• Commitment to apprenticeships</li> </ul>
	<b>Developing the capability of the entity's leadership and other individuals</b> <ul style="list-style-type: none"> <li>• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution contains job descriptions for lead Members</li> <li>• Officer Job descriptions</li> <li>• Shared understanding of roles between Leader and CE</li> <li>• Officer Member protocol</li> </ul>
	<ul style="list-style-type: none"> <li>• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Scheme of Delegation</li> <li>• Financial Procedure Rules</li> <li>• Individual reports for major projects set out decision making basis so that this is open and transparent, particularly for new projects</li> </ul>
	<ul style="list-style-type: none"> <li>• Ensuring the Leader and the Chief Executive have clearly defined and</li> </ul>	<ul style="list-style-type: none"> <li>• Job description for Chief Executive</li> <li>• Role profile for Leader in Constitution</li> </ul>



Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
structure and diversity of communities.	<p>distinctive leadership roles within a structure whereby the Chief Executive leads the council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority</p>	
	<ul style="list-style-type: none"> <li>Developing the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>ensuring personal, organisational and system-wide development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings between Executive and Leadership Team</li> <li>Senior Leadership Training &amp; Development - ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>Induction programme for both staff and Members</li> <li>Annual staff appraisal</li> <li>Annual training programme for Members</li> <li>Commitment to apprenticeships including those at a higher level and support for appropriate professional qualifications</li> <li>Bespoke training at committees including presentations by service departments to Audit and Governance Committee</li> <li>Community Leadership is discussed and led by Portfolio Holder</li> <li>Member support through Democratic Services</li> <li>Member training programme</li> <li>Officer training e.g. professional training, continuing professional development, management and leadership training</li> <li>Internal Audit reports on governance to Audit and Governance Committee</li> <li>Workforce monitoring reports to Executive through Portfolio Holder</li> </ul>

Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
	<p>through shared learning, including lessons learnt from governance weaknesses both internal and external</p>	
	<ul style="list-style-type: none"> <li>Ensuring that there are structures in place to encourage public participation</li> </ul>	<ul style="list-style-type: none"> <li>Community Engagement Strategy</li> <li>Residents' satisfaction survey</li> <li>Regular user satisfaction surveys</li> <li>The Council also has a Statement of Community Involvement (SCI) - a document that sets out what consultation will take place when the Council is developing and reviewing its planning policy documents (including the District Plan) and when determining planning applications.</li> </ul>
	<ul style="list-style-type: none"> <li>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> </ul>	<ul style="list-style-type: none"> <li>Publish member attendance records</li> <li>Annual training plan</li> <li>Participation in appropriate Peer Reviews</li> </ul>
	<ul style="list-style-type: none"> <li>Holding staff to account through regular performance reviews which take account of training or development needs</li> </ul>	<ul style="list-style-type: none"> <li>Annual performance appraisals and probationary appraisals</li> <li>Staff development plan within appraisal process</li> <li>Capability procedure</li> <li>Sickness procedure</li> <li>Routine Service Team Meetings and 1:1 Meetings</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>Conditions of Service</li> <li>Health and Safety policies</li> <li>Employee Assistance Programme – Confidential Helpline</li> <li>Mental Health First Aiders</li> <li>Workplace Health Scheme Monthly Programme</li> <li>Council policies which support employees e.g. bereavement</li> </ul>
<b>F. Managing risks and performance through robust internal control and strong public financial management</b>	<b>Managing risk</b> <ul style="list-style-type: none"> <li>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> </ul>	<ul style="list-style-type: none"> <li>Risk management specifically reported to Executive and Audit and Governance Committee on a quarterly basis</li> <li>Risk assessments on larger projects</li> </ul>

Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
<p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision-making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and</p>	<ul style="list-style-type: none"> <li>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> </ul>	<ul style="list-style-type: none"> <li>Risk management strategy and policy</li> <li>Annual internal audit plan</li> <li>Risk management within individual project plans e.g. elections</li> <li>Emergency plan and Business Continuity Plan and the review of risks specific to emergencies such as the Covid-19 pandemic</li> <li>Regular exercises to test the Emergency Plan, Business Continuity Plan ,Disaster Recovery and Cyber Security</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>	<ul style="list-style-type: none"> <li>Risks assigned with responsible owners</li> <li>Named officers for e.g. Health and Safety, Data Protection, Emergency Planning, Business Continuity</li> </ul>
	<p><b>Managing performance</b></p> <ul style="list-style-type: none"> <li>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> </ul>	<ul style="list-style-type: none"> <li>Departmental service plans which are reviewed regularly</li> <li>Senior Leadership ownership of specific Corporate Plan outcomes.</li> <li>Performance monitoring</li> <li>Benchmarking</li> <li>Transparency pages on website</li> <li>Report format strengthening consideration of implications</li> </ul>
	<ul style="list-style-type: none"> <li>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> </ul>	<ul style="list-style-type: none"> <li>Report template to Executive / Committees includes specific sections for analysis, options, risk, finance, and other relevant considerations</li> <li>Agendas published at least 5 days in advance</li> <li>Decision notices and minutes published after meetings</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</li> </ul>	<ul style="list-style-type: none"> <li>Constitution defines roles and responsibilities of Overview &amp; Scrutiny Committee and Audit and Governance Committee</li> <li>Annual work programmes for those committees</li> <li>Regular training sessions for committee members pertinent to that committee and the wider business and functions of the council</li> </ul>
	<ul style="list-style-type: none"> <li>Providing members and senior management with regular reports on</li> </ul>	<ul style="list-style-type: none"> <li>Annual timetable / calendar of meetings</li> <li>Work programmes / forward plan for Executive and Committees</li> <li>Senior Leadership ownership of specific Corporate Plan outcomes.</li> </ul>

Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.	service delivery plans and on progress towards outcome achievement	<ul style="list-style-type: none"> <li>• Annual Budget and Tax Setting report to Executive</li> </ul>
	<ul style="list-style-type: none"> <li>• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Procedure Rules</li> <li>• Annual accounts and Statement of Accounts</li> <li>• External auditor reports</li> </ul>
	<b>Robust internal control</b> <ul style="list-style-type: none"> <li>• Aligning the risk management strategy and policies on internal control with achieving the objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Plan</li> <li>• Regular reports from Internal Audit to Audit and Governance Committee</li> </ul>
	<ul style="list-style-type: none"> <li>• Evaluating and monitoring the authority's risk management and internal control on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly risk management reports</li> <li>• Risk management training for Members and officers</li> <li>• Internal Audit Review of Effectiveness</li> <li>• Annual Governance Statement</li> <li>• External Audit Annual Report</li> </ul>
	<ul style="list-style-type: none"> <li>• Ensuring effective counter fraud and anti-corruption arrangements are in place</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-fraud and anti-corruption policy</li> <li>• Whistleblowing policy</li> <li>• Shared Anti-Fraud Service</li> <li>• Acquisition and use of specialist data analysis software to detect fraud and corruption</li> <li>• Regular reports to Audit and Governance Committee on counter fraud activity</li> <li>• Shared Anti-Fraud Service fraud risk evaluation of all business grants applied for as a consequence of Covid-19</li> </ul>
	<b>Strong public financial management</b> <ul style="list-style-type: none"> <li>• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> </ul>	<ul style="list-style-type: none"> <li>• Clear links between Corporate Plan, Medium Term Financial Plan and subsequent reporting on outcomes</li> <li>• Asset Management Strategy</li> </ul>
	<ul style="list-style-type: none"> <li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul>	<ul style="list-style-type: none"> <li>• Embedded financial management process covering process from beginning to end</li> <li>• Review of that process through External Audit</li> </ul>

Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p><b>Implementing good practice in transparency</b></p> <ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul>	<ul style="list-style-type: none"> <li>• Publication of all reports and decisions on website</li> <li>• Transparency pages on website</li> <li>• Consistent, accessible, reporting style used with supporting evidence providing more detail for those who require it. Web pages give key information and ability to drill down to specific documents and background papers for those requiring detail.</li> <li>• Annual performance report</li> <li>• Regular internal audit reports to Audit and Governance Committee</li> </ul>
	<p><b>Implementing good practices in reporting</b></p> <ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and the stewardship of its resources</li> </ul>	<ul style="list-style-type: none"> <li>• Annual performance report that supplements quarterly performance and budget reports</li> <li>• Annual reports from External Auditor</li> <li>• Value for money opinion</li> <li>• Statement of Accounts</li> <li>• Internal audit reports also comment on Value for Money implications where applicable</li> </ul>
	<ul style="list-style-type: none"> <li>• Ensuring Members and senior management own the results</li> </ul>	<ul style="list-style-type: none"> <li>• Clearly defined roles for Executive portfolio holder, Audit and Governance Committee and Overview and Scrutiny Committee</li> <li>• Portfolio holders present reports at Executive</li> <li>• Each portfolio holder has regular briefings with officers</li> </ul>
	<ul style="list-style-type: none"> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• Assurance mapping exercise planned for 2021/22</li> </ul>

Principles of good governance	Sub-principles and behaviours and actions that demonstrate good governance in practice	East Herts Council's Compliance & Supporting Evidence
	<ul style="list-style-type: none"> <li>Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Shared service legal agreements</li> <li>Annual Governance Statement</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations</li> </ul>	<ul style="list-style-type: none"> <li>Benchmarking</li> <li>Quarterly performance reports to Executive and Overview &amp; Scrutiny Committee including end of year performance.</li> </ul>
	<b>Assurance and effective accountability</b> <ul style="list-style-type: none"> <li>Ensuring that recommendations for corrective action made by external audit are acted upon</li> <li>Ensuring an effective internal audit service with direct access to Members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon`</li> </ul>	<ul style="list-style-type: none"> <li>Management comments / response is incorporated as part of the reports from both Internal and External Audit</li> <li>Annual Opinion on the Control Environment report from Internal Audit</li> <li>Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2019)</li> <li>Compliance with Public Sector Internal Audit Standards</li> <li>Annual review of effectiveness of internal audit reported to Audit and Governance Committee</li> <li>Annual Governance Statement Action Plan and follow up</li> </ul>
	<ul style="list-style-type: none"> <li>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Executive report on outcomes and recommendations / action plan arising from review</li> <li>Self-challenging through entry for various awards and nomination as finalist</li> </ul>
	<ul style="list-style-type: none"> <li>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> </ul>	<ul style="list-style-type: none"> <li>Annual Governance Statement</li> <li>Risk management report</li> <li>Performance report</li> <li>Requirement for performance information to management is specified in contract specification.</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met</li> </ul>	<ul style="list-style-type: none"> <li>Proportionate governance arrangements in place for partnership working</li> <li>Service Level Agreements for some community grants ensuring that outcomes are measurable and delivered.</li> </ul>

## **5. Review of Effectiveness**

East Herts Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Leadership Team, the Monitoring officer, the Chief Finance Officer (Head of Financial Services), and the Head of Business Services who have responsibility for the development and maintenance of the governance environment, and also by comments made by the external auditors and other review agencies and inspectorates. The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

### **Council**

Council is responsible for approving the budget and policy framework, which includes the Corporate Plan and the Constitution.

### **Executive**

Executive has approved the Council's performance management framework. Executive also approves the risk management policy and receives quarterly reports on risk management, performance monitoring and budget monitoring.

### **Audit and Governance Committee**

This Committee undertakes the core functions of an Audit Committee and approves the annual Internal Audit Plan, receives quarterly monitoring reports updating them on progress against that plan. It also receives the external auditor's annual audit letter, annual governance report, annual plan and grant claim certification report. It approves the risk management policy and receives quarterly reports on risk management. The Committee has lead oversight responsibility for corporate governance, risk management and other internal control issues. It also leads the cross Member scrutiny and consideration of the budget. The Audit & Governance Committee also reviews the Constitution.

### **Standards Sub-Committee**

This Sub-Committee undertakes a proactive role in relation to the promotion of the ethical conduct framework. It has also published documents to inform the public about its role, the importance of good ethical conduct in the area, and the high standards of conduct evident in the District. A new framework for dealing with ethical governance has been adopted by the county and the district and borough councils in Hertfordshire in order to maintain a level of consistency across the geographical area, particularly in relation to twin-hatted Members. The Standards Sub-Committee has put in place arrangements for dealing with complaints, conduct investigations and hearing allegations.

## **Overview & Scrutiny Committee**

The Overview & Scrutiny Committee reviews performance across all services delivered by the Council and partner organisations, and the impact they have on the District and its communities.

## **Chief Finance Officer (Head of Strategic Finance & Property)**

The Chief Finance Officer (CFO) has been designated as the s151 Officer. That officer maintains the statutory powers to report to Executive or Council on any proposals, decision or omission that gives rise to any unlawful expenditure. The CFO also has clearly defined responsibilities for Risk Management, Internal Control, and systems and processes for financial administration and control, which are set out in the Financial Procedure Rules.

## **Monitoring Officer**

The Head of Legal & Democratic Services has been designated as the Monitoring Officer. The Monitoring Officer has the specific duty, contained within Section 5 of the Local Government and Housing Act 1989, to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The role of the Monitoring Officer is:

- To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
- To be responsible for matters relating to the conduct of Councillors and officers; and
- To be responsible for monitoring and reviewing the operation of the Constitution, to ensure that the aims and principles of our Constitution are given full effect.



## **Internal Audit**

The internal control system comprises the whole network of systems established within the Council to provide reasonable assurance that corporate objectives will be achieved, with particular reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data
- Effective monitoring systems and optimum use of performance management information

## **6. Internal Audit Annual Assurance Statement 2021/22**

Extracted from Section 2 of the SIAS 2021/22 Annual Assurance Statement and Internal Audit Annual Report.

- The full report went to Audit and Governance committee on Tuesday 5<sup>th</sup> April 2022 – 7pm

### ***Scope of responsibility***

6.1 Council managers are responsible for ensuring Council 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. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

### ***Control environment.***

6.2 The control environment comprises three key areas: governance, risk management, and internal control. Together these aim to manage risk to an acceptable level, but it is accepted that it is not possible to completely eliminate it.

6.3 A robust control environment helps ensure that the Council's policies, priorities, and objectives are achieved.

Review of effectiveness

6.4 The Client Audit Manager must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion.

6.5 As part of our Quality Assurance and Improvement Programme, a self-assessment was conducted against the Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF). They promote professionalism, quality, consistency and effectiveness of internal audit across the public sector. They also highlight the importance of robust, independent and objective internal audit arrangements to provide senior management with the key assurances needed to support them in both managing the organisation and producing the Annual Governance Statement.

6.6 The PSIAS also requires that the SIAS be subject to an external quality assessment (EQA) at least once every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. This review was completed in June 2021 (the previous review being undertaken in 2015/16), with the result of the assessment reported to the Audit & Governance Committee in November 2021.

6.7 The EQA outcomes concluded that SIAS 'partially conforms' to the PSIAS. The findings that led to this conclusion largely related to defining the role of the Chief Audit Executive, the Audit Committee, and reflecting this in the Audit Charter. Associated recommendations made in the peer review were subsequently addressed in year, permitting SIAS to 'generally conform' to the Standards. 'generally conforms' is the highest opinion within the scale of three ratings, and the peer review also identified areas of good practice and high standards.

6.8 Within the EQA report, the assessors provided ratings of 'generally conforms' (the highest rating) for 36 of the 43 PSIAS standards, and 'partially conforms' for the remaining seven standards. The assessors concluded that revisions to Audit Charter would address the three relevant areas of partial conformance that would allow SIAS to self-assess as generally conforms. The revisions to the Audit Charter were

completed, presented to, and approved by the Audit & Governance Committee in November 2021.

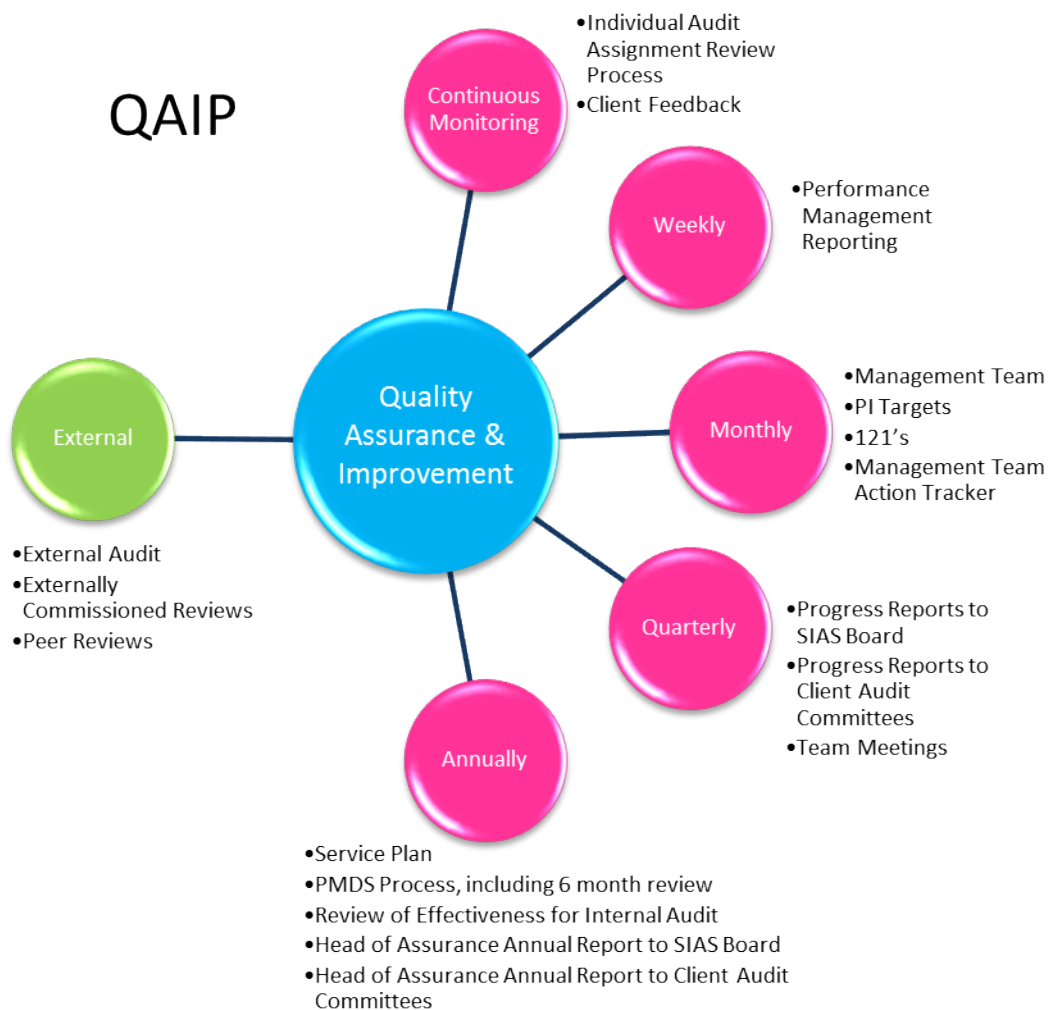
6.9 In respect of the remaining four areas of partial conformance, these were not deemed material by the assessors to the overall assessment rating, but nevertheless were identified as areas for further development. These have been addressed in year by SIAS as part of our service plan activities.

6.10 Based on the results of the 2022/23 PSIAS self-assessment, the Client Audit Manager has concluded that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. 'generally conforms' is the highest rating and means that SIAS has a charter, policies and processes assessed as conformant to the Standards and is consequently effective.

6.11 The self-assessment identified two areas of agreed non-conformance, these reflecting the unique nature of a partnership arrangement and are not considered material. These are detailed in Appendix C. There are no significant deviations from the Standards which warrant inclusion in the Council's Annual Governance Statement.

6.12 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement.

The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.



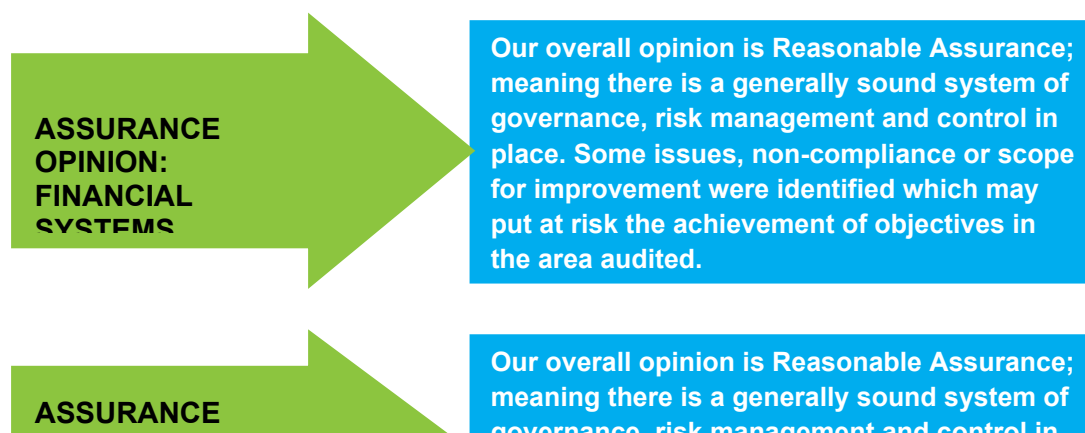
### ***Confirmation of independence of internal audit and assurance on limitations***

6.13 The Client Audit Manager confirms that during the year:  
No matters threatened SIAS's independence; and SIAS was not subject to any inappropriate scope or resource limitations.

### ***Annual Assurance Statement for 2021/22***

#### ***Assurance opinion on internal control***

6.14 Based on the internal audit work undertaken at the Council in 2021/22, SIAS can provide the following opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems.



### ***Assurance opinion on Corporate Governance and Risk Management***

6.15 SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2021/22 and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year.

## 7. Governance Issues – Progress from last year

Key Improvement Area	Lead Officer	Update
<p><u>Full implementation of high priority recommendations related to IT</u></p> <p>The implementation of some recommendations has had to be re-scheduled. Management is actively monitoring these issues and full implementation should be achieved during 2020/21</p>	Helen Standen	<p><b>In progress.</b> Network upgrade completed and substantial improvement in network reliability. Upgrade to Windows 10 and Microsoft 365 on target to be completed by December 2022. Laptop roll out to staff and Members 75% complete and due for completion by December 2022.</p>
<p><u>Procurement</u></p> <p>The Procurement Strategy requires updating to reflect the new national procurement strategy and the enhanced profile of social value as well as reflecting net zero ambitions.</p> <p>The council should produce an annual procurement programme as well as a 3 year “procurement pipeline” in order that local businesses can see what opportunities are coming up and to encourage them to bid. The council requires a social value policy to inform potential bidders of the social value priorities of the council</p> <p>The council should produce an annual procurement report showing: savings or costs</p>	Steven Linnett	<p><b>In progress.</b> The National Procurement Strategy has been delayed therefore work on the Procurement Strategy has been paused pending its approval.</p> <p>See above</p> <p><b>Completed</b></p>

Key Improvement Area	Lead Officer	Update
avoided; social value gained; contracts awarded to local businesses by size; contracts awarded to SMEs; and the contribution from procurement to net zero targets.		<b>Will follow from approval of new procurement strategy.</b>
<u>Assurance Mapping</u>  The Audit & Governance Committee should have an assurance map of all the major financial systems within the council. This provides: <ul style="list-style-type: none"> <li>• Factual high level summary of the state of assurance</li> <li>• Enables better decision making, e.g. how better to use internal audit and other assurance providers against risk and where there are gaps</li> <li>• Creates better evidence to support assurances provided to the Council on the state of internal control</li> <li>• Supports public reports on governance and statement of internal control</li> </ul>	Steven Linnett / Simon Martin (SIAS)	<b>Completed for all the major financial systems</b> Other systems will be mapped over a period of years when they are due for review in the Internal Audit Plan.
<u>Asset Strategy</u>  The asset strategy requires updating to ensure the council's strategy is up to date and meets best practice.	Steven Linnett	<b>In progress.</b> To be completed as part of the 2023/24 MTFP process.

Key Improvement Area	Lead Officer	Update
The council would benefit from the establishment of a cross service officer group to discuss asset management issues and also review assets and identify assets for disposal		<b>In progress.</b> The cross service officer group is expected to be established following approval of the asset strategy.
<u>Commercial Strategy</u>  The council would benefit from a commercial strategy setting out its attitude to risk and expectations about return on investment and its attitude towards services that could be provided on a trading basis as well as services where spare capacity could be sold under the Local Authorities (Goods & Services) Act	Steven Linnett	<b>Completed</b>
<u>ICT Resilience</u>  An external review of the ICT Strategy and delivery vehicle has been commissioned by the partner councils and recommendations arising from that will need to be taken forwards	Helen Standen	<b>In progress.</b> SOCITM review completed and recommendations being implemented. New Joint Committee established with Member oversight of Joint ICT Service now in place to ensure delivery of improved ICT Service. Business systems being progressively migrated to the cloud to increase resilience and single points of failure in current infrastructure
<u>Workforce Plan</u>  Following changes to working practices as a result of COVID 19 and anticipated changes	Simon O'Hear	<b>In progress.</b> The workforce plan will be fully developed once changes associated with Service Reviews, new customer service model and Finance in the cloud are implemented.



Key Improvement Area	Lead Officer	Update
from the Transformation Programme the council would benefit from a workforce plan that analyses its workforce and determines the steps it must take to prepare for future staffing needs. These future skill needs can be met by recruiting, by training or by outsourcing the work.		

## 8. Governance Issues

The following governance issues have been identified as needing addressing during 2022/23.

Key Improvement Area	Lead Officer	Update
<p>1. With the district council elections in 2023 we will concentrate on the following principles of good governance:</p> <ul style="list-style-type: none"> <li>• Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; and</li> <li>• Developing the council's capacity, including the capability of its leadership and the individuals within it.</li> </ul> <p>It is anticipated that with a number of longstanding Members retiring at the next election officers will need to work with the newly elected council to ensure that the new council can move forward within very tight</p>	Richard Cassidy / Helen Standen / James Ellis / Steven Linnett	<p><b>Completed</b></p> <p><b>Ongoing</b></p> <p><b>In progress</b> -restructuring of the Leadership Team is progressing.</p> <p><b>Completed</b></p>

Key Improvement Area	Lead Officer	Update
financial constraints and operate at full capacity as soon as possible after the election.		

The following governance issues, comments and recommendations have been extracted from the External Auditors (EY) report 'The Completion Report for Those Charged with Governance Years ended 31 March 2022 and 31 March 2023'

Key Improvement Area	Comments/Recommendations	Lead Officer	Update
2. Delays in Financial Reporting:	<p>The council has failed to publish draft financial statements within the regulatory timeframe for multiple years.</p> <p>The 2021/22 draft financial statements were published on 11 December 2023, significantly after the statutory deadline of 31 July 2022.</p> <p>The 2022/23 draft financial statements were not published until 6 November 2024, again missing the statutory deadline of 31 May 2023.</p> <p>The 23/24 draft financial statements have yet to be published (as of 18<sup>th</sup> March 2025) and have not included the required notices on the website.</p>	CFO (S151 Officer)	<ul style="list-style-type: none"> <li>• The 2021/22 and 2022/23 going to Audit &amp; Governance on 22 April for sign off.</li> <li>• It is anticipated that the 2023/24 accounts will be completed and published on the Council's website by the end of April 2025.</li> <li>• Plans have been put in place by the new S151 Officer to ensure that the 2024/25 Statement of Accounts are completed and published on time.</li> </ul>

Key Improvement Area	Comments/Recommendations	Lead Officer	Update
3. Completeness and Accuracy	The draft accounts published for inspection did not include the Annual Governance Statement (AGS) and contained outdated information, i.e the Statement of Responsibilities from the 2020/21 accounts.	CFO (S151 Officer)	The new S151 Officer will look to put more controls in place to ensure adequate time is given for reviews to be undertaken prior to publication.
4. Finance Team Capacity	<p>The finance team has experienced significant capacity issues, leading to delays in completing financial statements and supporting the external audit process.</p> <p>This has impacted on the Council's ability to provide timely, sufficient, and appropriate audit evidence to support the external audit.</p>	CFO (S151 Officer)	<p>The new S151 Officer started on 1 April 2025. A review of the Finance team will be undertaken in their first six months to propose a new structure that will address:</p> <ul style="list-style-type: none"> <li>• potential 'single point of failure';</li> <li>• capability and capacity of the team to ensure it is fit for purpose;</li> <li>• Individuals have the necessary skills needed to deliver in line with all deadlines.</li> <li>• Tasks are clearly defined and delivered on time.</li> </ul>
5. Single point of Failure	<p>The report by the External Auditors identifies a significant risk associated with the current structure of the finance team, specifically pointing out a single point of failure.</p> <p>This issue arises from the over-reliance on one individual for critical financial tasks and responsibilities.</p>	CFO (S151 Officer)	See above point

Key Improvement Area	Comments/Recommendations	Lead Officer	Update
	The report emphasises that this concentration of duties in one person not only increases the risk of errors and delays but also poses a substantial threat to the continuity of financial operations in the event of that individual's absence or departure.		

## 9. Statutory Recommendations – By the External Auditors (EY)

Contained in the External Auditors report titled 'The Completion Report for Those Charged with Governance Years ended 31 March 2022 and 31 March 2023'.

Statutory Recommendation	
1. Finance Function Workflow Review:	<p>Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks.</p> <p>Use the findings to redefine roles and responsibilities within the finance team, ensuring an equitable distribution of workload and preventing any single individual from being overburdened.</p>
2. Quality Assurance Issues:	<p>Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers.</p> <p>Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers.</p> <p>Monitor adherence to this process and report performance to the Audit and Governance Committee</p>
3. Finance Team Capacity:	<p>The Council should re-assess roles, responsibilities, and resource requirements for financial reporting across the Council, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) regulations 2024.</p>

## **10. Certification**

To the best of our knowledge, the governance arrangements, as defined above have been effectively operating during the year with the exception of those areas identified in Section 7. 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 the improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Cllr Ben Crystal**  
**Leader of the Council**

**Date:**

**Helen Standen**  
**Chief Executive**

**Date:**