

AUDIT COMMITTEE

AGENDA

Tuesday 2nd June 2015 at 1400 hours in Chamber Suite 3, The Arc, Clowne

Item No.		Page No.(s)
	PART 1 – OPEN ITEMS	
1.	To receive apologies for absence, if any.	
2.	To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4 (b) of the Local Government Act 1972.	
3.	Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of: a) any business on the agenda b) any urgent additional items to be considered c) any matters arising out of those items and if appropriate, withdraw from the meeting at the relevant time.	
4.	Minutes of a meeting held on 13 th April 2015	3 to 6
5.	Reports of the Executive Director – Operations; Strategic Risk Register.	7 to 16
6.	Reports of the Executive Director – Operations; Annual Governance Statement.	17 to 58
7.	Reports of the Executive Director – Operations; Key Issues of Financial Governance.	59 to 65

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee at Bolsover District Council held in Chamber Suite 3, The Arc, Clowne on Monday 13th April 2015 at 1400 hours.

PRESENT:-

Mr. J. Yates (Co-opted Member) in the Chair

Councillors:-

J.A. Clifton, S.W. Fritchley, K. Reid and A.F. Tomlinson.

Officers:-

B. Mason (Executive Director – Operations), J. Williams (Interim Head of Internal Audit) and A. Brownsword (Governance Officer).

0998. APOLOGIES

Apologies for absence were received from S. Sunderland (Audit Team Lead, KPMG) and K. Meats (Audit Manager, KPMG).

0999. URGENT ITEMS OF BUSINESS

There were no urgent items of business.

1000. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

1001. MINUTES – 16TH FEBRUARY 2015

Moved by Councillor S.W. Fritchley and seconded by Councillor A.F. Tomlinson

RESOLVED that the minutes of an Audit Committee held on 16th February 2015 be approved as a true and correct record.

1002. REPORT OF THE INTERNAL AUDIT CONSORTIUM INTERNAL AUDIT PLAN 2015/2016

The Interim Head of Internal Audit presented the report which gave Members details of the proposed Internal Audit Plan 2015/2016. It was noted that the Council ran a

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risk based programme of audits based on an assessment as to whether audit areas were high, medium or low risks.

Service areas that were high risk e.g. Benefits were audited more regularly than medium or low risk service areas.

Moved by Councillor J.A. Clifton and seconded by Councillor A.F. Tomlinson.

RESOLVED that the Internal Audit Plan for 2015/2016 be approved.

(Interim Head of Internal Audit)

1003. REPORT OF THE INTERNAL AUDIT CONSORTIUM SUMMARY OF PROGRESS ON THE 2014/2015 INTERNAL AUDIT PLAN

The Interim Head of Internal Audit presented the report which gave details of progress made against the 2014/2015 Internal Audit Plan. It was noted that nine reports had been published, of which seven were good and two satisfactory. There were no issues arising related to fraud as a result of the Internal Audit work. Five audits were currently in progress.

Moved by Councillor K. Reid and seconded by Councillor S.W. Fritchley

RESOLVED that the report be noted.

1004. REPORT OF THE EXECUTIVE DIRECTOR – OPERATIONS KEY ISSUES OF FINANCIAL GOVERNANCE

The Executive Director – Operations submitted a report which updated Members concerning the main issues of financial governance. The key issues included:

1. Take effective steps to balance the Council's budget over the period of the Medium Term Financial Plan

It was noted that the Council would have a balanced budget for 2014/15, however savings of £350,000 needed to be made for 2015/16 and the figure would be higher for 2016/17 and 2016/17. While it seemed clear that further reductions in government funding would occur the severity of these would not be known until after the election.

2. To secure further improvements in financial reporting with respect to the Council's published accounts and in the Council's financial management arrangements

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An update would be reported to Audit Committee in September following the conclusion of the 2014/15 year end closedown; however, there was no reason to expect a deterioration in performance.

3. To improve the Council's Internal Control arrangements and to strengthen the culture of effective management and budgetary control across the Authority

The Executive Director – Operations noted that there were still some areas below standard, but that overall improvements were being seen. Policies including fraud and whistle blowing would be refreshed and publicised in the new municipal year.

4. To ensure that issues around the Council's contractual arrangements are resolved and that good quality arrangements remain in place

The Executive Director – Operations noted that good progress was being made and in particular a number of major housing contracts had been retendered over recent months.

Members noted that the Council would need to take action in the future to secure a balanced budget and the Executive Director – Operations noted that the Council needed to minimise its levels of expenditure and look to secure natural wastage to make it easier to secure the necessary level of financial savings. The need for the Council to secure additional income through growth was also discussed.

A discussion took place regarding the current situation with regard to the possible development of garage sites within the District.

Members asked what progress had been made with regard to the Countywide Audit and the Executive Director – Operations reported that presentations were to be made by all three Consortiums, following which the opportunities for service resilience were being investigated.

Moved by Councillor S.W. Fritchley and seconded by Councillor A.F. Tomlinson
RESOLVED that (1) the Strategic Issues of Financial Governance be noted,

(2) No issues of concern are raised.

(Executive Director – Operations)

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The Chair thanked everyone for their attendance and in particular, Councillor Tomlinson for his help and support over the years.

Councillor Tomlinson thanked the Chair for his hard work and commitment to Audit Committee, and Standards Committee over previous years.

The meeting concluded at 1420 hours.

Bolsover District Council

Audit Committee

2nd June 2015

Strategic Risk Register

This report is public

Report of the Executive Director - Operations

Purpose of the Report

- To update Members concerning the current position regarding Risk Management and to seek approval for the revised Strategic Risk Register as at 31st March 2015, as part of the suite of Finance, Performance and Risk reports.

1 Report Details

Background

- 1.1. The Council's Strategic Risk Register has been developed by the Risk Management Group to take into account the issues raised within the Master Risk Register which outlines the service or operational risks faced by the Council. The Risk Management Group has also given separate consideration to the Strategic Risks which face the organisation.
- 1.2. In addition to the work undertaken at the Business Risk Group the Council also considers the issue of Risk Management at the Quarterly Directorate meeting. This allows senior managers to have a greater level of input into the shaping of the Strategic Risk Register and into the wider issues of Risk Management. It also allows service Registers to be independently reviewed on a more regular basis than the annual review at the Business Risk Group. The Strategic Risk Register is reported on a quarterly basis to both Executive and to the Audit Committee.
- 1.3. In its approach to Risk Management the Council is seeking to secure a number of objectives and to operate in line with recognised best practice. In order to appreciate the importance of Risk Management it is useful to reiterate these objectives:
 - To improve the way in which the Council manages its key risks so as to reduce the likelihood of them happening, and to mitigate their impact or magnitude in those cases where they do materialise. This is a key element in protecting service delivery arrangements, the financial position and the reputation of the Council.
 - To strengthen the overall managerial approach of the Council. From a Governance perspective the effective operation of Risk Management is

regarded as being a key element of the managerial framework operating within an authority.

- Effective Risk Management is a key component in ensuring that organisations are able to achieve their objectives, and that key projects proceed in line with plan.
- The identification of the risks attached to existing service delivery, or to a project or new initiative is important both to allow a fully informed decision to be made, and to ensure that all appropriate measures to mitigate (or reduce) the risk are in place from the outset.
- Finally, an appreciation of the risk environment within which the Council operates assists in determining an appropriate level of financial reserves for sound financial management, and ensures that the organisation has a better awareness of its overall risk exposure.

2. The Strategic Risk Register

2.1. The revised Strategic Risk Register as at 31st March 2015 is set out in **Appendix 1** for consideration by the Audit Committee. The intention is that this review of the Register will secure the following objectives:

- Identify any newly emerging risks which need to be added to the Register and removing any risks that have been resolved. An ongoing review of the Strategic Risk Register ensures that a focus is maintained on current risks.
- Revising the Risk Register ensures that existing risks are reviewed, that appropriate mitigation remains in place, and where necessary risk assessment is revisited.
- The process also allows appropriate consideration to be given to the success of existing mitigation, and to the issue of whether any further mitigation is required.
- The Strategic Risk Register as set out in **Appendix 1** is structured so that those risks with the highest risk score are detailed first.

2.2. In overall terms a key element which emerges from the Strategic Risk Register is one of an ongoing requirement to maintain our current performance in respect of service delivery, performance and governance to local residents. The current position, however, needs to be maintained at a time when it will be increasingly necessary to manage the Council's finances in a more pro active way in order to ensure that our expenditure remains in line with the level of our resources at a time of declining financial support from central government. Alongside the declining level of central government financial support it is anticipated that over the coming year there will be a significant amount of legislation which impacts directly on local government. Both these changes are anticipated to entail some significant changes in the manner in which our services to local residents are delivered with the level of change required clearly having the potential

to disrupt service provision with the associated risks that such disruption entails.

- 2.3. At the quarterly Performance meetings the predominant issue that was raised in respect of the Council's position over the coming year concerned the risk of a period of significant legislative change following the outcome of the General Election. This issue already features in Strategic Risk 2 as identified in Appendix 1 to this report while section 2.2 (above) has been amended to help ensure appropriate weight is given to this issue.
- 2.4. In order to develop the understanding of risk throughout the organisations a series of training sessions for senior managers was held in the summer of 2014. These training sessions included a significant element dealing with risk management. The Business Risk group will continue to give consideration to appropriate training and raising awareness in order to support effective risk management across the organisation.

2 Conclusions and Reasons for Recommendation

- 2.1 The Strategic Risk Register is intended to highlight those areas where the Council needs to manage its risks effectively. One of the key purposes of this report is to set out the risks that have been identified (see Appendix 1) and to encourage both Members and Officers to actively consider whether the Strategic Risk Register and supporting Service Risk Registers actively cover all of the issues facing the Council.

Reasons for Recommendation.

- 2.2 To enable Audit Committee to consider the risks identified within the Strategic Risk Register in order to assist in maintaining effective governance arrangements, service and financial performance.

3 Consultation and Equality Impact

Consultation

- 3.1 There are no issues arising from this report which necessitate a formal consultation process.

Equalities

- 3.2 There are no equalities issues arising directly out of this report.

4 Alternative Options and Reasons for Rejection

- 4.1 Under the relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is in part intended for Members and Officers to consider whether the Council has adopted an appropriate approach to its management of risk. Given that this report is part of the approach to help ensure the effective management of risk there is not an alternative to the preparation of this report.

5 **Implications**

5.1 **Finance and Risk Implications**

Financial

There are no additional financial implications arising out of this report at this stage. While where appropriate additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

Risk

Risk Management Issues are covered throughout the body of the main report.

5.2 **Legal Implications including Data Protection**

There are no legal or data protection issues arising directly out of this report.

5.3 **Human Resources Implications**

There are no human resource issues arising directly out of this report.

6 **Recommendations**

- 6.1 That Audit Committee considers the Strategic Risk Register as at 31st March 2015 as set out in Appendix 1 and makes any comments that it considers to be appropriate.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All.
Links to Corporate Plan priorities or Policy Framework	Robust Governance (including Risk Management) arrangements underpin the effective operation of the Council and its ability to secure all of the Corporate Plan priorities.

8 **Document Information**

Appendix No	Title	
1	Strategic Risk Register as at 31 st March 2015.	
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)		
Master Risk Register		
Report Author		Contact Number
Executive Director – Operations		2431

STRATEGIC RISK REGISTER SUMMARY AS AT: 31st MARCH 2015

	Risk	Consequences	Risk Score (Likelihood Impact) x	Risk Score (Likelihood Impact) Taking into Account Current Controls x	Risk Owner / Lead Officer
1	Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are at relatively low levels.	<ul style="list-style-type: none"> Impact upon ability to deliver current level of services. Unable to resource acceptable levels of service. Significant adverse reputational Impact. 	4,4 16	3,4 12	SAMT / Chief Financial Officer
2	Adverse external economic position / government legislation, welfare reform etc. has an accelerating impact on Council (poor grant settlement), or upon the local economy (employment losses / welfare reform), to which Council is unable to adopt an appropriate change of Strategic direction. An increase in policy announcements / legislative changes	<ul style="list-style-type: none"> Unable to deliver a package of services that meet changing local needs and aspirations. Unable to effectively support local communities. Increased demands on Council services at a time when Council resource base is reducing. 	4,4, 16	3,4 12	SAMT / Political Leadership

	Risk	Consequences	Risk Score (Likelihood Impact) x	Risk Score (Likelihood Impact)Taking into Account Current Controls x	Risk Owner / Lead Officer
	is anticipated following the May 2015 election.				
3	Financial position makes it increasingly difficult to recruit to key posts or to replace key staff who leave. Staff morale is adversely affected by as a result of pace of change, tightening financial circumstances or external circumstances.	<ul style="list-style-type: none"> • Deterioration in services to the public. • Increasing inefficiencies in service provision. • Weakening of Internal Control arrangements. • Increased pressure on other members of staff. 	4,4 16	3,4 12	SAMT / Asst Director HR

	Risk	Consequences	Risk Score (Likelihood Impact) x	Risk Score (Likelihood Impact)Taking into Account Current Controls x	Risk Owner / Lead Officer
4	Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives inc Local and national elections, Regeneration Initiatives, HRA reform, Asset Management securing major financial savings and implementing a range of new government reforms whilst maintaining service quality, which may overstretch our reduced organisational capacity.	<ul style="list-style-type: none"> • New initiatives are not delivered in a cost-effective manner. • Failure to maintain / improve services in line with local aspirations. • Failure to generate the savings required to balance the budget. • Financial efficiencies weaken Governance / Internal Control arrangements. • Service deterioration / failure arising from capacity issues. 	4,4 16	3,4 12	SAMT / Chief Executive
5	Emergency Planning and Business Continuity arrangements fail to meet required standards when	<ul style="list-style-type: none"> • Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, flu pandemic, fire). • Failure of IT infrastructure, leading 	3,5 15	2,5 10	SAMT / Director of Health and Well Being

	Risk	Consequences	Risk Score (Likelihood Impact)	x	Risk Score (Likelihood Impact)Taking into Account Current Controls	x	Risk Owner / Lead Officer
	tested by flu pandemic, natural disaster (flood), etc.	to inability to effectively operate services and to safeguard income streams. <ul style="list-style-type: none"> • Business Continuity Plans prove ineffective in practice. 					
6	Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction.	<ul style="list-style-type: none"> • Failure to deliver high quality services which address national and local priorities. • Deterioration in Governance Arrangements. • Refocus of current services necessary with associated disruption. 	3,4	12	3,3	9	Chief Executive / Political Leadership Team
7	A major operational or failure of data protection risk materialises resulting in a significant impact upon the Council's ability to secure its corporate objectives. Given the efficiency measures that have been introduced to date this is considered to be an increasing issue for the Council.	<ul style="list-style-type: none"> • Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents. • Significant staff and financial resources required to resolve position, impacting on other services. • A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery. 	3,4	12	2,4	8	SAMT / Assistant Directors

	Risk	Consequences	Risk Score (Likelihood Impact) x	Risk Score (Likelihood Impact)Taking into Account Current Controls x	Risk Owner / Lead Officer
8	Governance Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment.	<ul style="list-style-type: none"> • Adverse Impact upon Service Quality. • Failure to deliver high quality services which address national and local priorities. • Significant adverse reputational impact. 	3,4 12	2,4 8	Chief Financial Officer / Monitoring Officer

Bolsover District Council

AUDIT COMMITTEE

2nd JUNE 2015

ANNUAL GOVERNANCE STATEMENT 2014/15

Report of the Executive Director - Operations

Purpose of the Report

- To seek the agreement of the Audit Committee to the conclusions and content of the Annual Governance Statement which it is proposed to incorporate within the Council's Statement of Accounts for 2014/15.
- To increase awareness of Governance Issues amongst Members and Employees of the Council and more generally amongst all stakeholders.
- It should be noted that the final version of the Annual Governance Statement will be brought to the Audit Committee at its next meeting on 22nd June 2015 when the Committee will be required to formally approve the Statement as part of the Council's Draft Statement of Accounts 2014/15.

1 Report Details

1.1 As part of its Statement of Accounts the Council has been required to include an Annual Governance Statement with effect from the 2007/08 Financial Year. Preparation of the Statement needs to be undertaken in line with the CIPFA (Chartered Institute of Public Finance and Accountancy / SOLACE (Society of Local Authority Chief Executives and Senior Managers) framework which sets out the fundamental principle of corporate governance that need to be addressed within the Annual Governance Statement. The CIPFA / SOLACE Framework sets out the following principles which Authorities should follow:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust accountability.

One of the key purposes of the Annual Governance Statement is to assess the extent to which the above key principles are in place within an authority and are adhered to in practice. In short it is an annual assessment process for the Council's Governance arrangements. As part of this process it was considered appropriate to review the Council's Code of Corporate Governance where Council has previously agreed that an annual review is appropriate. This review has been conducted in the light of developments over the past year but in reality there have been relatively few changes. Accordingly it is considered appropriate that the Audit Committee consider, review and accept the Code on behalf of the Council. Given the minimal changes which are confined to updating job descriptions and minor improvements to improve clarity it is not considered appropriate to refer the updated Code to Council for approval.

1.2 In addition to considering the fundamental principles as set out above, a key principle for CIPFA/SOLACE is that the Annual Governance Statement is a corporate document, which must be owned by the whole organisation. It should not be regarded purely as a technical statement within the Council's Statement of Accounts. In order to maintain awareness of the principles of good governance which underpin both the Code and the Annual Governance Statement it is considered appropriate that a recommendation is made that an appropriate awareness raising session is provided to a wider group of Elected Members by way of a report to Council, to Budget Scrutiny Committee or as part of the Member Development Programme.

1.3 CIPFA / SOLACE issued revised guidance in December 2012 which continues to apply with respect to the 2014/15 Annual Governance Statement. The Council has purchased a corporate licence for this document in electronic format copies which continues to be available to Members. While the revised guidance does provide a revised example good practice statement its main focus has switched from the Governance Statement itself to ensuring that local authorities have in place their own codes of governance and are effectively discharging their responsibility for the proper conduct of business. This is summarised in the introduction to the Addendum which puts the position as follows:

“The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business. The Framework is helping authorities to improve their performance, give local people better local services and provide stronger leadership for communities.

The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.”

In terms of the Annual Governance Statement itself the revised guidance is less prescriptive and recognises the need for the Statement to be adapted to the particular circumstances of individual local authorities. This change in emphasis

reflects the introduction of the Localism agenda which amongst other changes has seen the move away from a national framework to one where greater responsibility is placed upon individual local authorities.

- 1.4 In order to assist Audit Committee in making a decision regarding the appropriateness of the draft Annual Governance Statement which is presented as **Appendix 1** to this report, a number of factors need to be taken into account. These are set out in the paragraphs which follow.
- 1.5. A key issue to be considered is the process which has been adopted in order to arrive at the Annual Governance Statement. The actual preparation has been undertaken by a group of officers chaired by the Executive Director – Operations (Section 151 Officer). The group of officers has included representatives from the Governance Team, Scrutiny, Internal Audit, Improvement and Finance. Following on from consideration by the Audit Committee this document will be taken to the Senior Alliance Management Team for its comments, before being brought back to the Audit Committee for final approval on the 22nd June. This work together with the comments received, and in particular those of this committee will be considered before the final version of the Annual Governance Statement is published at the end of June 2015 alongside the Statement of Accounts. It is considered that these processes are appropriate for ensuring corporate ownership of the Governance Statement. The Draft Annual Governance Statement for consideration by this Committee is attached as **Appendix 1**.
- 1.6 As part of the process of preparing the Draft Annual Governance Statement itself Officers completed a pro forma based upon a model provided by the Finance Advisory Network which has been endorsed by CIPFA and the Audit Commission. The outcome of the completion of that pro forma indicates that the processes and procedures which are in place at Bolsover District Council are generally compliant with good practice. Whilst the completion of the Assurance Statement remains a useful exercise in that it requires the Council to adopt a process of rigorous self assessment it was not considered to be appropriate to include the completed Finance Advisory Network Assurance Statement as an Appendix to this report. In completing this Statement the working party has undertaken a structured assessment of the governance arrangements currently in place at Bolsover District Council. The conclusions of this work are incorporated within Appendix 3 which uses the 2012 CIPFA / SOLACE Guidance as a benchmark to compare our current arrangements against. Appendix 3 – supported by the Finance Advisory Network Assurance Statement – is considered to be a comprehensive assessment of the Council's governance arrangements which will ensure compliance with the requirement to undertake an annual review of the system of internal control.
- 1.7 While the evidence from the Assurance Statement set out in Appendix 3 supports the view that appropriate procedures and processes are in place, it should be noted that there remain a number of significant issues of Corporate Governance. The issues that have been identified as a result of the work of external review (including external audit), internal audit, and the routine work of the Council's own officers are set out in the Key Issues of Financial Governance report which is a standing item on the agenda of the Audit Committee. The latest version of this report is provided elsewhere on this Agenda.

- 1.8 Finally, **Appendix 4** is the draft memo from this Committee (signed by the Chair) and the Chief Financial Officer to the Leader and Chief Executive which recommends that the Annual Governance Statement gives a true and fair view of the position within the authority, and that accordingly it would be reasonable for the Chief Executive and the Leader to sign the Statement off on behalf of the authority.

2 Conclusions and Reasons for Recommendation

- 2.1 The report requests the Audit Committee to consider the attached draft Annual Governance Statement. In particular the Committees role is to make any comments on either the contents of the Governance Statement, the supporting documents, or the processes that have been used in order to arrive at the draft Annual Governance Statement.

- 2.2 The attention of the Committee is drawn in particular to the conclusion regarding the review of The Effectiveness of the Council's internal control arrangements which is set out in Appendix 1 (page 13). This concludes that:

“On the basis of the review of the effectiveness of the Governance framework that has been undertaken by Officers and scrutinised by the Audit Committee, it has been concluded that the arrangements have improved significantly over the last three years and can continue to be regarded as fit for purpose being in accordance with both the Council's own governance framework and with the principles as set out within the CIPFA/SOLACE framework.”

- 2.3. It should be noted that in the view of the Chief Financial Officer the Audit Committee has played a key role in securing and maintaining this improvement by helping ensure that necessary changes have been actioned.

- 2.4. Finally, the Audit Committee needs to consider and review the Local Code of Corporate Governance which is set out in Appendix 2 to this report. On the basis of the limited change that has been made from the previous version it is suggested that the Audit Committee consider and approve the Code. The Audit Committee is also requested to endorse the approach of promoting awareness of the Code with the agreed version to be considered at either Council, by Budget Scrutiny Committee or at a Member Development session.

Reasons for Recommendation

- 2.5 To enable the Audit Committee to assess the appropriateness of the draft Annual Governance Statement and to make recommendations concerning any amendments which they may require.

3 Consultation and Equality Impact

Consultation

- 3.1 There are no issues arising from this report which necessitate a detailed consultation process.

Equalities

- 3.2 There are no direct implications, although the preparation of the Governance Statement will provide some high level assurances regarding the operation of current arrangements in these areas.

4 Alternative Options and Reasons for Rejection

- 4.1 Under the relevant guidance the Council is required to prepare an Annual Governance statement. Accordingly there is not an option that such a statement should not be prepared. The processes involved in its preparation reflect accepted good practice. With respect to the content of the Annual Governance Statement this reflects the deliberation and views of a range of Council officers and the Audit Committee which has enabled alternative options in respect of the content to be considered.

5 Implications

5.1 Finance and Risk Implications

Financial

The cost of preparing the Governance Statement will be met from within existing approved budgets. As such there are no additional financial implications for the Council.

Risk

Effective governance arrangements for local authorities are crucial if authorities are to meet the standards of accountability, integrity, consumer focus, democratic engagement and organisational effectiveness that are expected of them. The preparation of the Annual Governance Statement is one of the mechanisms that helps ensure that effective governance arrangements are in place. The gross impact of not having effective Governance arrangements in place would be significant with the CIPFA / SOLACE guidance taking the view that effective governance lies at the heart of a Council's managerial, performance and financial arrangements. The Governance Statement and associated Assurance Statement do, however, demonstrate that the Council has put in place a range of processes and procedures which taken together amount to a culture of effective governance. While there remain a number of significant individual issues that need to be addressed and resolved to improve the Council's Governance arrangements the overall framework is sound and provides an appropriate base from which the address the individual issues identified within this report.

5.2 Legal Implications including Data Protection

The requirement to include an Annual Governance Statement within the Council's Statement of Accounts from the 2007/08 financial year onwards is set out within the Accounts and Audit Regulations and associated best practice. The processes outlined in the report should be sufficient to ensure that the Council's Governance Statement meets the requirements of both the relevant legislation and associated good practice.

5.3 Human Resources Implications

None arising directly from this report.

6 Recommendations

- 6.1 That Audit Committee consider the draft Annual Governance Statement and make any observations or recommendations which they consider to be appropriate.
- 6.2 That the Audit Committee having reviewed the effectiveness of the Governance Framework are satisfied that the Council's governance arrangements are fit for purpose.
- 6.3 That the Audit Committee approves the recommended amended Code of Corporate Governance as set out in Appendix 2.
- 6.4 That the Audit Committee requests that officers incorporate an awareness session concerning good governance into a meeting of either Council, the Budget Scrutiny Committee or the Member Development Programme.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All.
Links to Corporate Plan priorities or Policy Framework	Robust Governance arrangements underpin the effective operation of the Council and its ability to secure the full range of Corporate Plan Priorities.

8 Document Information

Appendix No	Title
N/A	CIPFA/SOLACE "Delivering Good Governance in Local Government" 2012.
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
External Audit Reports : KPMG "Annual Audit Letter 2013/14 (Council 7 th January 2015) Report to those Charged with Governance ISA 260" (Audit Committee 22nd September 2014). Internal Audit Consortium:	

“Summary of Progress on the Internal Audit Plan 2014/15” (Audit Committee 13th April 2015).

Report Author	Contact Number
Executive Director – Operations	2431

ANNUAL GOVERNANCE STATEMENT**Scope of Responsibility**

Bolsover District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bolsover District 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, Bolsover District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Bolsover District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our website at www.bolsover.gov.uk or can be obtained from the Council's Governance Team. This statement explains how Bolsover District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bolsover District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bolsover District Council for the year ended 31 March 2015 and up to the date of approval of the Annual Report and Statement of Accounts.

The Governance Framework

The key components of the systems and processes that comprise the authority's governance arrangements include the following:

Bolsover District Council sets out its objectives within its Corporate Plan which is linked to both the Community Strategy and to a range of other Strategies and Plans. The Council has a formal constitution in place which sets out the roles and responsibilities of both Members and Senior Managers. The Constitution is available on the Council's website and is reviewed on an on-going basis. Policy and decision making is by means of an Executive Structure with Executive Member Portfolio holders. There are 3 Scrutiny Committees aligned to the Council's Corporate Plan Targets, together with a Budget Scrutiny Committee made up of all Scrutiny Members. The Council also has both an Audit Committee operating in line with CIPFA guidance which provides independent challenge and assurance regarding financial governance and risk management, and a Standards Committee which has responsibility for overseeing the operation of the Members Code of Conduct.

Bolsover District Council takes a number of steps to help ensure compliance with established policies, procedures, laws and regulations. There is a comprehensive corporate induction process, with a variety of awareness raising and training events being undertaken for both employees and Members. All staff have access to key policies and procedures which are readily accessible on the intranet. Formal Codes of Conduct are in operation for both Members and Officers. The Council has adopted a formal Anti Fraud and Corruption Policy characterised by zero tolerance, with this approach informing the Council's governance and internal control arrangements. To support these high standards of openness and probity the Council has in place an effective complaints policy and procedures together with a whistle blowing policy.

The District Council has a Risk Management Strategy and associated framework in place, which is reviewed on a regular basis with independent assurance provided by the Audit Committee. The Council has embedded Risk Management by ensuring the provision of appropriate training, by regular reviews of the Strategic Risk Register, by incorporating the Service Risk Registers within the Service Planning process, and by requiring that all Committee Reports include a Risk assessment. The Risk Management Framework includes a quarterly reporting process which is integrated with our Performance and Financial management arrangements.

Bolsover District Council has a number of mechanisms in place for ensuring the economical, effective and efficient use of resources, and to ensure that we secure continuous improvement in the manner in which our functions are exercised in order to comply with the requirement to provide best value. Effective use of resources is ensured by a robust range of mechanisms including a range of consultation with local residents and other stakeholders, a well developed corporate and service planning process, by the careful consideration of service performance and development in order to ensure that our services are targeted at addressing priority requirements. Economy and Efficiency are ensured by good procurement practice, and by services which are responsive to customer requirements and operated in line with good practice.

A Scheme of Delegation sets out the powers of Senior Officers, while the Financial Regulations and Contract Procedure Rules are an integral part of the Constitution. The performance against budget is monitored on a continuous basis with cost centre managers having access to the financial ledger, while the accountancy team provide monitoring reports on a monthly basis. The Council's quarterly reporting process is delivered through quarterly meeting with all Directorates where Performance, Finance and Risk are considered. This approach is intended to ensure that any significant budget variances or performance issues are identified at the earliest opportunity. Formal monitoring reports are

taken to Executive, with these reports then being forwarded to the Budget Scrutiny and Audit Committee.

Performance Management is at the core of our managerial arrangements with quarterly reports on Corporate Plan Performance being provided to Executive. The Council monitors progress against a range of performance targets which incorporate both national and local priorities. Performance Targets together with key operational priorities are set out within the Corporate Performance Management Framework and supporting Service Plans. These in turn are linked to the Council's Corporate Plan and supporting Plans and Strategies to help ensure that our resources are utilised for the achievement of agreed priorities.

The District Council contributes to the delivery of the Community Strategy for our residents through the Corporate Plan and the range of associated Plans and Strategies. The Council updates its Service Planning Framework on a regular basis and reports publicly to ensure our residents are kept informed regarding progress on those issues which they view to be critical to the wellbeing of our community. Reports which are available to residents include those of all formal meetings and Scrutiny Papers which are available on the website, articles in the Council's newsletter 'In Touch' which is distributed three times a year, briefings to the local press and public consultation. Progress against the Council's key priorities is reported to Executive on a quarterly basis as part of the suite of Performance reports.

The District Council, working with our local community and key partners has agreed a vision and core values which are supported by a range of 6 corporate aims which were set out within the Council's Corporate Plan for 2011 - 15 as follows:

- Community Safety - Ensuring that communities are safe and secure.
- Customer focussed services – Providing excellent customer focused services
- Environment - Promoting and enhancing a clean and sustainable environment;
- Regeneration - Developing healthy prosperous and sustainable communities;
- Social Inclusion - Promoting fairness equality and lifelong learning;
- Strategic Organisation Development - Continually improving our organisation;

To supplement the agreed Corporate Priorities the Council in 2014 approved a Growth Strategy which is effectively an additional priority aimed at promoting economic growth across the District. These aims provide a focus for the development of partnership working, delivery of our services, and for planned improvements and rationalisation of the services which are currently provided. The emphasis on progressing these aims is illustrated by the fact that all reports to Committee set out which of the Corporate Aims they are seeking to promote, while the Council undertakes an ongoing review of its services through the service planning process and by the review processes which include Performance Management by Executive and the work of the Scrutiny function.

Review of Effectiveness

Bolsover District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This helps validate that our Governance Framework ensures compliance with the law, internal policies and procedures are effective and expenditure is lawful. The review of effectiveness is informed by the work of the senior managers within the Authority who

have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Chief Financial Officer is responsible for ensuring that there is an adequate and effective system of internal control relating to both the Council's accounting and its other systems of internal control as required by the Accounts and Audit Regulations 2011. The Council is fully compliant with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework. The Council's Chief Financial Officer is professionally qualified, reports directly to the Chief Executive, is a full member of the Corporate Management Team and is supported by appropriately qualified and experienced staff.

The arrangements for the provision of internal audit are set out within the Council's Financial Regulations which are part of the Council's Constitution. The internal audit provision has from the 1st April 2007 been independently managed by the Head of the Internal Audit Consortium. This is an arrangement for the provision of Internal Audit on a consortium basis by Bolsover, Chesterfield and North East Derbyshire, with the service being hosted by Chesterfield Borough Council on behalf of the three authorities. The Council's Internal Audit function has been internally assessed as being compliant with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1st April 2013 replacing the CIPFA Code of Practice for Internal Audit in Local Government 2006. The Council operates its internal audit arrangements in line with the requirements set out within the CIPFA Statement on the Role of the Head of Internal Audit (2010). The Head of Internal Audit is professionally qualified, suitably experienced, reports on a regular basis to the Audit Committee, with unrestricted access to both elected members and management. The work undertaken is agreed within the Audit Plan prepared by the Head of the Consortium which is prioritised in order to reflect the key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management. Audit work involves reviews of the main financial systems, scheduled visits to Council establishments and fraud investigations. The annual work plan is discussed and agreed with the Council's Section 151 officer, and with the Audit Committee. It is also shared with KPMG the Council's external auditor. This is part of a process of liaison intended to ensure that the work of internal and external audit is complementary and that duplication is avoided. The Internal Audit reports which arise out of the process include an assessment of the adequacy of internal control, and set out recommendations which are aimed to address those areas where potential for improvement has been identified. These are submitted to the relevant officers within the Council who are required to implement any accepted recommendations. The outcome of the process is reviewed by the Chief Financial Officer, by the Council's Strategic Alliance Management Team (SAMT) and by the Audit Committee.

The Council's review of the effectiveness of the system of internal control is informed by:

- There is a Constitution in place which provides a formal Governance framework, with decisions taken in an open and accountable fashion. Internally, those decisions are subject to Scrutiny, and the Council has an active Standards Committee;
- The Council has suitably qualified, trained and experienced officers undertaking the statutory role of Head of Paid Service (Chief Executive), Monitoring Officer and Section 151 Officer.

- Assurances from the responsible Executive Directors based on management and performance information, officer assurance statements, Scrutiny reports and the outcome of internal reviews including those looking at joint services.
- The work undertaken by the Internal Audit consortium during the course of the year;
- This Annual Governance Statement has reviewed the operation of our Governance arrangements during the course of the 2014/15 financial year.
- The Council's Audit Committee has undertaken a structured self assessment to ensure it operates in line with CIPFA/SOLACE guidance.
- The work undertaken by the external auditor as reported in their Annual Audit Letter and in the Report to those charged with governance (ISA 260);

In addition to giving appropriate consideration to the Council's internal Governance arrangements it needs to be recognised that the Council is working in a number of partnership arrangements. We are operating a range of shared services with our Strategic Alliance partner North East Derbyshire. In addition we have other joint service arrangements with both Chesterfield Borough Council and with the Chesterfield Royal Hospital. We also have an active Local Strategic partnership which engages with a range of local partners. We are a Member of both the Sheffield City Region and the D2N2 the Derby, Derbyshire and Nottinghamshire Local Enterprise Partnerships. At a meeting of Council held on 13th February 2015 it was agreed that the authority would seek to be a constituent member of the proposed Derby and Derbyshire (D2) combined authority. There are also a number of other partnerships including the Community Safety Team and local NHS bodies where partnership working supports the delivery of services to local residents. Where the Council has entered into partnership arrangements it seeks to ensure that these promote the Council's vision and core values and that they are subject to appropriate governance and performance management arrangements. This assurance is provided by ensuring that the Council's involvement within partnership is formally agreed by Council and that the outcomes of partnership working are detailed in the Council's Performance, Finance and Risk Management Framework with any issues identified being reported to the Council where appropriate.

Since April 2011 the Council has operated a Strategic Alliance with a neighbouring authority North East Derbyshire District Council. Joint working arrangements have made significant progress and the two Councils now operate with a joint Management team down to third tier level. Joint Working is now operational within most services, although only Environmental Health is operating on the basis of a fully shared service. While one of the key reasons for entering into this partnership is to achieve the efficiency savings required by both Council's, the Strategic Alliance is also regarded as a key mechanism for managing the risks that ongoing reductions in funding will result in failing services and weakened internal control.

The Council's External Auditors KPMG restrict their comments to the Published Accounts and as to whether the Council provides Value for Money. The most recent review of the Council by external audit was provided by KPMG in its Annual Audit Letter relating to the 2013/14 Accounts. This letter which was reported to the Council meeting on 7 January 2015 gave an unqualified opinion in respect of both the published accounts and the Value for Money conclusion. The main area where further progress was identified as being necessary was around the governance and management of contracts. With respect to the outcomes of the independent scrutiny undertaken by Internal Audit of the audits undertaken during 2014/15 only three resulted in a marginal outcome.

The effectiveness of the Governance framework has been overseen by the Council's Audit Committee which has considered all of the key reports concerning the Council's Governance arrangements. It has requested that updates be brought to all meetings of the Committee regarding the progress in addressing the key areas of weakness that have been identified. The reports of External Audit are considered by full Council.

The position in respect of both 2014/15 and 2013/14 represents a significant improvement on the position in respect of 2011/12 and 2012/13 when a range of significant weaknesses were identified which included poor quality financial accounts and a high proportion of marginal internal audit reports with almost 50% of audits identifying areas where internal control arrangements fell below a desirable level. Weaknesses in contract management led to the External Auditors giving a qualified VFM conclusion in 2011/12.

During 2012/13 significant progress was secured in addressing the weaknesses that had been identified. Financial management and budgetary control arrangements were improved with a significant level of in year savings achieved in order to secure a balanced outturn position. Improved arrangements for managing finance, performance and risk were introduced, with significant progress made in resolving issues around the governance of contracts. The Audit Committee played an effective role in monitoring the governance arrangements of the Council with regular updates being provided concerning the position in respect of identified weaknesses, while the Budget Scrutiny Committee helped ensure that Elected Members are fully informed of the Council's financial position. Work undertaken by Internal Audit supported the view that the Council internal control arrangements were improving; however, it remained the case that in a number of areas further improvement was required. The improvements secured during 2012/13 and 2013/14 have been further consolidated during 2014/15 as evidenced by the good outcome from Internal Audit reports.

On the basis of the review of the effectiveness of the Governance framework that that has been undertaken by Officers and scrutinised by the Audit Committee, it has been concluded that the arrangements have improved significantly over the last three years and can continue to be regarded as fit for purpose being in accordance with both the Council's own governance framework and with the principles as set out within the CIPFA/SOLACE framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in this section of the Governance Statement. While significant improvement has been secured over the last three financial years the Council is aware of the importance of sustaining this improvement.

Significant Governance Issues

The significant governance issues identified by the Council have already been covered in the sections above. They may, however, be summarised as follows:

At a Strategic Level the key issue for the Council is that as a result of the Comprehensive Spending Reviews of 2010 and 2013 the underlying financial pressures on local authorities have increased significantly. Bolsover District Council has been required to secure savings of £2.4m between 2012/13 and 2014/15. Further estimated savings of £2.3m are required between 2015/16 and 2017/18. In order to secure the necessary savings the Council will need to continue to reduce staffing numbers and to reorganise processes and procedures both of which have the potential to impact significantly on the Council and the services it provides. The Council is aware of these risks and is seeking to manage them appropriately. Given the scale of the efficiencies that are necessary the internal control

environment, levels of performance and service delivery more generally continue to require careful monitoring during the course of the current financial year. The Council has, however, an experienced and appropriately qualified management team which puts it in a good position to achieve an appropriate balance between securing financial savings whilst protecting both our governance arrangements and the level of services to local residents.

The strategic issue outlined above informs the identification concerning those areas where it is considered that the Council's governance arrangements require further improvement. The issues where the Council is considered to be marginal in terms of meeting good practice are outlined below. All of the areas identified for improvement are currently the subject of a Corporate Action Plan (including target dates), with progress against that Action Plan being reported as a standing item to the Council's Audit Committee.

Issue Identified	Action to Address
<p>1. The Annual Governance Letter from the External Auditors in respect of both 2010/11 and 2011/12 were critical of both the quality of the financial accounts and on being able to demonstrate that the Council was securing good value for money. These issues were indicative of a range of wider failings in the culture of financial and performance management. These wider issues included budgetary control, project management and the measuring / reporting of performance. These conclusions were in line with those of Internal Audit.</p>	<p>The Council has continued to work to improve its financial and performance management. The necessary improvements in accounting arrangements have been secured and financial management across the Council has been strengthened. Since 2011/12 there have been significant improvements in the Council's internal control arrangements. While the Council's arrangements are now fit for purpose it is crucial that these standards are maintained during 2015/16 and beyond which will be challenging in the light of the extent of change that will be necessary in order to operate effectively within the context of ongoing reductions in the underlying resource base. The Council will continue with work intended to consolidate this improvement.</p>
<p>2. Whilst the Council's budget is balanced over the period of the Medium Term Financial Plan it should be noted that the budget is balanced on the basis that significant efficiency savings will be secured during the period of that Plan. If these efficiencies (which amount to some £2.3m over the next three years) are not secured then the Council will be forced to reduce expenditure in a relatively uncontrolled fashion which will impact upon both the quality of services to local</p>	<p>In setting its Medium Term Financial Plan the Council agreed a range of measures to deliver the efficiency gains necessary to operate within the underlying level of resources available to it. Achievement of these measures is monitored on a regular basis by Executive. While appropriate steps have been taken it needs to be recognised that the efficiency targets are challenging, in part are dependent upon partnership working and will require further reductions in staff numbers and budgets. In considering measures to maintain a robust financial position the Council also</p>

residents, and on the internal control environment.	needs to give careful consideration to the impact of such measures on services to local residents.
3. During 2011/12 the Council's External Auditors issued a qualified VFM conclusion arising from identified weaknesses in contract management. While a number of improvements have been made Internal Audit reports have continued to assess that controls in the area of contract management are 'marginal'.	The Council has put a programme of work in place to address these issues with progress being reported to the Audit Committee on a regular basis through the Key Issues of Financial Governance report. Steps taken include a partnership with a local NHS Foundation Hospital to secure support from experienced procurement officers, a structured training programme and incorporating contractual arrangements within the Council's quarterly performance management reporting.

We propose over the coming year to take steps to address the above matters to ensure that our governance arrangements are robust. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council

Chief Executive

CODE OF CORPORATE GOVERNANCE

BOLSOVER DISTRICT COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

Draft Revised Version May 2015

EXECUTIVE SUMMARY

Governance comprises systems and processes for the direction and control of local authorities through which they account to, engage with, and lead their communities. In other words, it is about how local authorities ensure that they are doing the right things, in the right way, for local people in a timely, inclusive, open, honest and accountable manner.

This Local Code of Corporate Governance has been developed to ensure that Bolsover District Council has, and will continue to have, exemplary standards of governance which comply with best practice.

The first part of this document sets out the background to the Code following the publication of the revised Delivering Good Governance Framework issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE) in 2012.

The CIPFA/SOLACE Framework identified six principles of good corporate governance:

- (i) Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- (iii) Promoting the values of the Authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers (including statutory officers) also have the capability to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

In the second part of this document, the Council's progress against each of these principles and their supporting framework is tracked and documented. This second section is largely based on the information used to develop the Council's Annual Governance Statement.

Progress against the principles set out in this Code will be monitored and reviewed on an on-going basis, with a formal report brought before Members at least annually.

INTRODUCTION

1 Background

- 1.1 In 2001, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE), together with the support of a number of other key organisations, formed a working

party with the aim of drawing together the key principles of corporate governance into a single framework for use in local government.

- 1.2 This followed the work by Lord Cadbury into good governance and Lord Nolan into standards in public life, as well as primary legislation, and culminated in the publication of a governance framework entitled *Corporate Governance in Local Government: A Keystone for Community Governance*.
- 1.3 This Framework recommended that local authorities review their existing governance arrangements against a number of key principles and report annually on their effectiveness in practice. Through the adoption and development of the Framework, authorities were encouraged to meet the standards of the best.
- 1.4 Since the Framework was published, local government has undergone a number of changes designed to improve local accountability and engagement in local government. This has included on-going changes to democratic structures and the ethical framework.
- 1.5 To meet these challenges, the CIPFA and SOLACE Working Party was reformed and the original Framework was revised. The revised Framework builds on the governance work in both the public and private sectors and, in particular, the principles set out in *Delivering Good Governance in Local Government* publication.
- 1.6 In order to assist in achieving good governance, the revised Framework recommends that each local authority should be able to demonstrate that they are complying with the principles contained within the Framework. This should be done through the development and maintenance of a local code of corporate governance.
- 1.7 This document has been developed to ensure that Bolsover District Council has, and continues to have, exemplary standards of governance which comply with the principles set out in the CIPFA/SOLACE Framework.

2 What Do We Mean By Governance?

- 2.1 The Council has adopted the CIPFA/SOLACE Framework's definition of corporate governance:

Governance comprises systems and processes for the direction and control of local authorities through which they account to, engage with, and lead their communities.

In other words, it is about how local authorities ensure that they are doing the right things, in the right way, for the people in a timely, inclusive, open, honest and accountable manner.

- 2.2 Good governance leads to good management, good performance, proper stewardship of public money, effective public engagement and, ultimately, good outcomes for residents and service users. Good governance enables councils to pursue their vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

3 The Six Principles

3.1 The CIPFA/SOLACE Framework defined six core principles of good governance. These involve:

- (i) Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- (iii) Promoting the values of the Authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers (including statutory officers) also have the capability to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

3.2 Bolsover District Council is committed to these six principles of good governance. This Code set out how the Council complies with the six principles to ensure good standards of governance.

4 Monitoring and Review

4.1 The Council will undertake an annual review of its governance arrangements to ensure that they are adequate and operating effectively in accordance with best practice. Where gaps are identified, action will be planned and undertaken to ensure improvement in future governance arrangements. The findings of this annual review will be presented to the Council's Audit Committee.

4.2 The Council will also prepare an Annual Governance Statement that will be submitted to the Audit Committee for consideration.

This Annual Governance Statement will include:

- (i) Identified Councillors and key officers who have responsibility for ensuring that there is good governance including internal control mechanisms;
- (ii) The systems and processes in place to provide good governance and how these are checked and tested;
- (iii) The key elements of the corporate governance arrangements;
- (iv) The process for maintaining and reviewing the effectiveness of governance arrangements;

- (v) Actions taken or actions planned to address significant governance issues;
- (vi) A clear summary of the resources needed to support the corporate governance arrangements.

Having been first considered by the Audit Committee this statement will be signed on behalf of the Council by the Leader of the Council and the Chief Executive.

Councillor
Leader of the Council

Chief Executive

Date:

HOW THE COUNCIL MEETS THE SIX PRINCIPLES

Principle 1

Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

The function of governance is to ensure that authorities, other local government organisations or connected partnerships fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. This concept should guide all governance activity.

Local government bodies need to develop and articulate a clear vision of their purpose and intended outcomes for citizens and service users that is clearly communicated, both within the organisation and to external stakeholders.

Supporting Principles

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users;
- Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning;
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

The local code should reflect the requirement for local authorities to:

1.1 Develop and promote the authority's purpose and vision.

Position at BDC: This Code is based upon a clear community focus as set out in the Community Strategy and Corporate Plan which sets out the links between community engagement, service planning and delivery, and the maintenance of appropriate standards of conduct.

1.2 Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements.

Position at BDC: The Council keeps its vision for the local area under regular review as part of the development of the Corporate Plan and the service planning process. This Code and its impact is formally reviewed and reported on at least an annual basis, but given the links between the Code and other areas of the Council's operations that review in reality is undertaken on an on-going basis.

1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.

Position at BDC: The Council has a proactive partnership team who ensure that the Council's values and those of key partners are shared. With respect to relationships such

as the Local Enterprise Partnership the Council is represented by senior Elected Members and Officers.

1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.

Position at BDC: The Council publishes Annual Accounts and an Annual Report. These documents and a range of supporting evidence are available on the website. In addition the Council newspaper "In Touch" is circulated to all residents three times a year. The Corporate Plan is supported by detailed service plans which establish the Council's objectives and performance targets.

1.5 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.

Position at BDC: The Authority's strategies and plans all contain performance targets and action plans that provide a SMART framework against which progress can be evaluated. In particular, the Performance Framework is designed to ensure that key indicators of progress are monitored and reported on at least on a quarterly basis. The information obtained from monitoring against internal targets is supported by information gathered from residents and other stakeholders from a variety of sources in order to ensure that we have a rounded picture of the public's view of the services provided. In particular the Council's quarterly performance management framework includes a detailed report summarising Compliments, Comments and Complaints.

1.6 Put in place effective arrangements to identify and deal with failure in service delivery.

Position at BDC: The Council has in place a number of methods for measuring resident / stakeholder satisfaction including resident surveys and the Citizen's Panel. The Compliments, Comments and Complaints procedure monitors issues of concern for service users and results in reports to both SAMT and Executive enabling informed corrective action to be taken.

1.7 Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.

Position at BDC: Value for Money criteria are effectively established by the Council's performance targets, which are reviewed and established on an annual basis and set out in Service Plans. These are reviewed on an on-going basis including quarterly reports to Members. The Council is working to reduce both its own carbon footprint and that of the wider district.

Principle 2

Members and officers working together to achieve a common purpose with clearly defined functions and roles

The governing body of an organisation has overall responsibility for directing and controlling that organisation. In local government the governing body is the full council.

Supporting Principles

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny functions;
- Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard;
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

The local code should reflect the requirement for local authorities to:

2.1 Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice.

Position at BDC: This is set out in the Council's Constitution. All Committee meetings are formally minuted and minutes formally approved.

2.2 Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers.

Position at BDC: The roles and responsibilities of Members and senior officers are set out in the Constitution, being further supported by the Member and Officer protocols and for officers by job descriptions and contractual terms.

2.3 Determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.

Position at BDC: The Constitution incorporates a scheme of delegation, and sets out the roles, powers and limits upon the power of individual officers and Members. The Constitution reflects best practice, including an appropriate approach to the Council's statutory duties and powers.

2.4 Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management.

Position at BDC: The Chief Executive is the Head of Paid Service and that role together with the associated job description makes him the responsible officer for the effective discharge of the Council's operational issues. In discharging these duties the Chief Executive is supported by the Council's wider managerial arrangements and by the performance management framework.

2.5 Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.

Position at BDC: Regular meetings are held between the Council's Leader and the Chief Executive. These are part of a broader framework of appraising the performance of the Chief Executive. The Council is currently in the process of recruiting a new Chief Executive who it is planned will be in place by the Autumn of 2015.

2.6 Make a senior officer (usually the section 151 officer) responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.

Position at BDC: The Executive Director – Operations has been designated as the Council's S151 officer responsible for the sound financial administration of the authority. The duties are incorporated within the job descriptions of the Director.

2.7 Make a senior officer (other than the Responsible Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Position at BDC: The Assistant Director – Monitoring Officer and Governance is the Council's Monitoring Officer. The duties within the job are incorporated description of the Assistant Director.

2.8 Develop protocols to ensure effective communication between members and officers in their respective roles.

Position at BDC: Protocols are in place setting out the roles and responsibilities of Members and officers (these support the powers established under the Constitution). These protocols are supported by a range of working arrangements, which help to ensure that the underlying relationships are constructive and support the effective working and development of the Council.

2.9 Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable).

Position at BDC: The current pay scales were originally determined by a panel in the light of external advice received at North East Derbyshire our Strategic Alliance partner. Specialist consultants have been employed to advise on the recruitment to the role of Chief Executive and they have provided advice on the appropriateness of the remuneration package. An outline of the current remuneration package is available on the website. There is an annual report on pay and conditions which is reported to Council. The Members allowances / remuneration scheme is considered through appropriate good practice processes and procedures, and is publicised on the website. Members allowances were reviewed in 2014 (previously reviewed 2011) by an independent panel which reported to Council on the 8th October 2014. This report was reviewed by a Working Party of Elected Members which recommended a revised scheme which the Council adopting at its meeting of 4th March 2015. Full details are set out in that report and on the Council's website.

2.10 Ensure that effective mechanisms exist to monitor service delivery.

Position at BDC: The Council has in place a Performance Management Framework including a complaints framework which is intended to facilitate the effective monitoring of service delivery.

2.11 Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.

Position at BDC: The development of the Council's Corporate Plan is an ongoing process of raising awareness and undertaking consultation concerning the Plan. Key consultees include an internal audience of Members, officers and employees. External consultees include parish councils, the LSP, and the full range of other statutory agencies. Residents' views are sought through local Members, via the use of surveys, the Citizens Forum, focus groups, public meetings and via complaints, compliments, comments and other communication with the Council and its officers (in particular contact between service providers and the public).

2.12 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.

Position at BDC: Within each significant partnership there are formal constitutions and governance arrangements in place, which set out objectives, roles and responsibilities, and the constitution/governance arrangements of the partnership. These are supported by either business or project plans, which detail funding support and managerial arrangements. The Council has a Partnership Team in place specifically to provide targeted support to its partnership arrangements.

2.13 When working in partnership:

- **Ensure that there is clarity about the legal status of the partnership;**
- **Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.**

Position at BDC: For any significant partnerships the Council gives appropriate consideration to the issues before entering into the partnership. The legal status in particular would be subject to appropriate review. One of the criteria that would be considered before entering into a partnership would be its consistency with the principles of accountability and governance, which the Council applies to its own internal arrangements.

Principle 3

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Good governance flows from a shared ethos or culture, as well as from systems and structures. It cannot be reduced to a set of rules, or achieved fully by compliance with a set of requirements. This spirit or ethos of good governance can be expressed as values and demonstrated in behaviour.

Good governance builds on the seven principles for the conduct of people in public life that were established by the Committee on Standards in Public Life, known as the Nolan principles. In England, the Local Government Act 2000 outlined ten principles of conduct – an additional three to those identified by Nolan – for use in local government bodies. The seven Nolan principles are set out in the guidance notes accompanying this Framework. The seven principles form a part of the Members' Code of Conduct at BDC. Training on the code is offered to all members.

A hallmark of good governance is the development of shared values, which become part of the organisation's culture, underpinning policy and behaviour throughout the organisation, from the governing body to all staff. These are in addition to compliance with legal requirements in respect of, for example, equal opportunities and anti-discrimination.

Supporting Principles

- Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance;
- Ensuring that organisational values are put into practice and are effective.

The local code should reflect the requirement for local authorities to:

3.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.

Position at BDC: The Council's Constitution and its values clearly establish an overriding requirement that our actions are characterised by openness and accountability. The Monitoring Officer decides which reports meet the legal / good practice criteria before they are deemed to be confidential or exempt. All decisions are minuted, and reports are available online, or alternatively may be obtained as a hard copy.

3.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the Authority, its partners and the community are defined and communicated through codes of conduct and protocols.

Position at BDC: The Constitution, the Member and Officer Codes of Conduct, the Whistle blowing and Anti-Fraud Strategies, and a variety of other mechanisms all work together to provide an organisational and operational framework, which sets out clear expectations and standards regarding what constitutes acceptable behaviour. All policies are effectively communicated to Members, officers and employees including availability on the website.

3.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.

Position at BDC: The Constitution and codes of conduct all set out clear expectations and requirements of Members and officers. Where an interest exists it is made clear that individuals have a responsibility to declare this, and that where not appropriate they must not participate in any way that might influence the decision making process.

While the key emphasis is rightly upon informed openness by individuals, the Council has a well-publicised whistle-blowing policy which enables others to bring to the attention of the Authority potential conflicts of interest for investigation.

3.4 Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.

Position at BDC: These are set out in the Codes of Conduct, while formal documents / policies including this Code and the Anti-Fraud Strategy incorporate a statement of our values which give a clear commitment to openness, honesty and integrity.

3.5 Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.

Position at BDC: Constitution and codes of conduct set out formal arrangements. Appropriate awareness raising training is provided to Members/officers, and Members are reminded of the Code of Conduct requirements on declaration of interests at the outset of all Council meetings.

3.6 Develop and maintain an effective standards committee.

Position at BDC: A Standards Committee is in place which has appropriate terms of reference and membership including co-optees and which meets on a regular basis. The Committee's minutes are reported to Council, and under the Constitution it has a direct right of report to Council. The Chairman reports to Council on an annual basis.

3.7 Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority.

Position at BDC: The Council has clear shared values set out in the Corporate Plan. All reports to Committee are agreed by the Strategic Alliance Management Team, and they are responsible for ensuring that the reports are in line with the Council's values. Reports are then considered by Members who determine the Council's values. Members are given appropriate training to enable them to establish and uphold appropriate values.

3.8 In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

Position at BDC: The Council's representatives on partnerships are required to reflect and champion the Council's values within those partnerships, and the partnerships' constitution must be compatible with the Council's values for the Council to participate. If the Partnership does not have its own code of conduct, Members are required to comply with the BDC Code of Conduct.

Principle 4

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Decision making within a good governance framework is complex and challenging. It must further the organisation's purpose and strategic direction and be robust in the medium and longer terms. To make such decisions, authority members must be well informed.

Members making decisions need the support of appropriate systems, to help to ensure that decisions are implemented and that resources are used legally and efficiently.

Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective.

Supporting Principles

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny;
- Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs;
- Ensuring that an effective risk management system is in place;
- Using legal powers to the full benefit of the citizens and communities in the area.

The local code should reflect the requirement for local authorities to:

4.1 Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible.

Position at BDC: The functioning of Scrutiny is well established and operating effectively supported by a separate officer. These arrangements and the effective engagement of other Members and Officers of the Council help ensure that Scrutiny's analysis and recommendations are supported by robust evidence, data and critical analysis. The outcome of Scrutiny work is a range of reports which are considered by Executive.

4.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.

Position at BDC: Decision making protocols and powers are set out in the Council's Constitution. These also establish what record of the decision needs to be maintained. For Executive reports the quality assurance process is the Chief Executive, Directors and Monitoring Officer, while for Delegated Decisions the originating officer and the responsible Director need to ensure that the decision has been appropriately taken, and that appropriate advice has been taken and consultation undertaken. Relevant Delegated Decisions are recorded and published in line with the legal requirements. All decision

making committees and the Executive are appropriately minuted setting out the criteria, rationale and considerations on which decisions are based.

4.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.

Position at BDC: There are Member and Officer Codes of Conduct which require all interests to be declared, and to ensure that the individual involved does not play a role in the decision making process where there is a potential conflict of interest.

All gifts and hospitality are required to be officially recorded, and the Council's Constitution includes Financial Regulations and Contract Procedure Rules which establish what constitutes acceptable behaviour in respect of the letting of contracts. Members complete Register of Interests forms in accordance with legislative requirements and the requirements of the Code of Conduct. All members and senior officers are required to complete a Related Party Transaction declaration at the end of each financial year.

4.4 Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for the discharge of the functions of such a committee.

Position at BDC: An Audit Committee is well established. Its terms of reference are in line with CIPFA / SOLACE requirements. Appropriate training is given to those Members on the Committee. In May 2013 the Committee undertook a review of its effectiveness against and compliance with the CIPFA / SOLACE guidelines for an effective Audit Committee.

4.5 Put in place effective, transparent and accessible arrangements for dealing with complaints.

Position at BDC: The Council has a written complaints procedure in place, which is monitored and reported to Strategic Alliance Management Team and Executive on a quarterly basis. The Council endeavours to ensure that service users are made aware of their rights under the complaints procedure, and where appropriate are able to refer issues or complaints to external adjudicators.

4.6 Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.

Position at BDC: A comprehensive induction process is provided following the District Council elections, and this is supported by ongoing training / awareness programmes. There is a comprehensive Member Development Programme overseen by a Member Development Working Group and Members are able to benefit from agreed Personal Development Plans. All reports to Executive / Council are cleared by the Council's Corporate Management Team which includes the statutory officers. Reports to Scrutiny and other Committees are cleared by an appropriate Senior Officer of the Council.

4.7 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.

Position at BDC: All reports include a section detailing legal and financial implications. These are agreed by Corporate Management Team including the statutory officers who take a view on the adequacy of the professional advice that has been provided. All reports are processed and despatched in accordance with an agreed timetable, unless there are exceptional circumstances which require a late report to be considered. These requirements are supported by the Constitution and the standard report template.

4.8 Ensure that risk management is embedded into the culture of the organisation with members and managers at all levels recognising that risk management is part of their job.

Position at BDC: The Council has a well established Risk Management Framework and a range of training arrangements. Risk Management has a high profile within the authority, with job descriptions reflecting the requirements to manage risk, all formal reports having a Risk Management section and all major projects covered by a Risk Register.

4.9 Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.

Position at BDC: The Council has a well established whistle-blowing policy available in the Employee Handbook and on the intranet. It is covered in the induction arrangements and is publicised on a regular basis.

4.10 Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.

Position at BDC: All officers are appropriately selected and trained to undertake the duties as set out in their job description which includes an awareness of the prevailing statutory framework. This is supported by the Council's Constitution, and by the Monitoring Officer, legal team, internal audit and other challenge arrangements which would help to identify any activity which falls outside of the Council's powers. For new initiatives the quality assurance process for reports should ensure that activities outside our powers are identified prior to implementation.

4.11 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.

Position at BDC: As in 4.10.

4.12 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into their procedures and decision making processes.

Position at BDC: As in 4.10.

Principle 5

Developing the capacity and capability of members and officers to be effective.

Effective local government relies on public confidence in authority members, whether elected or appointed, and in officers. Good governance strengthens credibility and confidence in our public services.

Authorities need people with the right skills to direct and control them effectively. Governance roles and responsibilities are challenging and demanding, and authority members need the right skills for their roles. In addition, governance is strengthened by the participation of people with many types of knowledge and experience.

Good governance means drawing on the largest possible pool of potential members to recruit people with the necessary skills. Encouraging a wide range of people to stand for election or apply for appointed positions will develop a membership that has a greater range of experience and knowledge. It will also help to increase the diversity of authority members in terms of age, ethnic background, social class, life experiences, gender and disability. This concept should also be borne in mind when members are appointed to the boards of other public service organisations.

Supporting Principles

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles;
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group;
- Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

The local code should reflect the requirement for local authorities to:

5.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.

Position at BDC: Human Resources have developed a standard corporate induction process for all new members of staff; while at a service level induction is required to cover any service specific induction issues. The appraisal process identifies any training needs, and develops a plan to deliver these which is monitored on an ongoing basis. The person specification should ensure that only appropriately qualified individuals are appointed in the first place. A range of corporate awareness training is also provided to managers by means of managers' meetings, Core Brief and other mechanisms. For Members an induction process is provided after District Council elections, Members have access to an appraisal process which identifies individual needs and a range of corporate training/awareness structured around a Member Development Programme overseen by the Member Development Working Party is undertaken on an ongoing basis.

5.2 Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.

Position at BDC: The job description/person specification is intended to ensure that only appropriately qualified and experienced individuals are short listed for these positions. The appointments process ensures that a competitive process is in place, which attracts

candidates with the appropriate range of personal attributes and skills. The Council's statutory officers are professionally qualified and are aware of their professional responsibilities regarding the management of the Council, and of the powers which are available to them to ensure that they have the appropriate level of resources to enable them to discharge those responsibilities effectively. The Corporate Management Team which takes the key decisions regarding which reports should go before committee includes the three statutory officers of the Council, and the role of these officers is well understood across the organisation. Furthermore, the process for agreeing reports and for taking major decisions is designed to ensure that the Statutory officers are actively involved in these processes to ensure that the organisation is appropriately managed.

5.3 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.

Position at BDC: Employees are subject to an appraisal supplemented by 1 to 1s which incorporates an assessment of performance and training requirements. These are developed into a corporate training plan. Members are provided with appropriate training under a systematic Member Development Programme agreed by the Member Development Working Party.

5.4 Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

Position at BDC: The Council has both an effective Members Development Programme (See 5.3 above) and Scrutiny process (see 4.1).

5.5 Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs.

Position at BDC: The Council's Corporate Plan together with related strategies and plans set out clear actions and targets against which progress can be monitored. In addition there are a range of key performance indicators and other performance targets covering all relevant services, which are monitored on a quarterly basis. The Council also encourages external review where appropriate.

5.6 Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.

Position at BDC: The Council has developed a range of mechanisms for consultation. We have a range of forums for engaging with our citizens including Public Meetings, Tenants Panel, and reviewing individual compliments, comments and complaints in order to consider whether there are underlying general trends. In addition to consultation the Council also actively encourages engagement by members of the Community in the Council's activities.

5.7 Ensure that career structures are in place for members and officers to encourage participation and development.

Position at BDC: The Council's structures with a well developed Executive and Scrutiny system offer a good range of opportunities for all Members to participate at a range of levels in the Council's managerial and Governance arrangements. The Council has in place appropriate arrangements to ensure that Officers are able to participate in structured Personal Development, whilst the Council's establishment allows opportunities for career progression.

Principle 6

Engaging with local people and other stakeholders to ensure robust public accountability.

Local government is accountable in a number of ways. Elected local authority members are democratically accountable to their local area and this gives a clear leadership role in building sustainable communities. All members must account to their communities for the decisions they have taken and the rationale behind those decisions. All authorities are subject to external review through external audit of their financial statements.

They are required to publish their financial statements and are encouraged to prepare an annual report. Many are subject to national standards and targets. Their budgets are effectively subject to significant influence and overview by Government, which has powers to intervene. Both members and officers are subject to codes of conduct. Additionally, where maladministration may have occurred, an aggrieved person may utilise the Council's complaints procedure, raise the matter through their local councillor or via the ombudsman.

Supporting Principles

- Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships;
- Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning;
- Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

The local code should reflect the requirement for local authorities to:

6.1 Make clear to themselves, all staff and the community, to whom they are accountable and for what.

Position at BDC: This Code sets out clear links between the Council and the community, and sets out the requirement of the Council to be accountable, to display integrity, openness and inclusivity in our activity.

6.2 Consider those stakeholder bodies to whom the organisation is accountable and assess the effectiveness of the relationships and any changes required.

Position at BDC: The Corporate Plan, the Medium Term Financial Plan and our Directorate Service Plans give structured consideration to the views of the Council's key stakeholders.

6.3 Produce an annual report on scrutiny function activity.

Position at BDC: An annual report is provided to full Council concerning the performance of the scrutiny function.

6.4 Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively.

Position at BDC: The Council has a clear Communications Strategy in place utilising the website, the In Touch newspaper which is distributed to all residents, publicity material at reception, and providing information for distribution to the media including local newspapers. These mechanism also incorporate questions designed to secure feedback on the effectiveness of the various approaches utilised.

6.5 Hold meetings in public unless there are good reasons for confidentiality.

Position at BDC: All meetings are held in public, and reports and decisions are available on the Internet or in hard copy upon request. All confidential / exempt items are agreed by the Monitoring Officer in order to ensure that they meet with the statutory definition of items which can be regarded as being confidential / exempt. The Council complies with legislative requirements to advertise in advance those parts of meetings which are to be held in private.

6.6 Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.

Position at BDC: The Council has in place a wide range of engagement mechanisms including public meetings, web based consultation, and engaging with difficult to reach groups including young people. This is supported by targeted surveys, questionnaires and focus groups. These arrangements are set out within the Consultation and Communications Strategy. The Council has met the Achieving Level in respect of equalities which demonstrates that the Council has appropriate procedures in place and has used these to achieve good outcomes in terms of engaging all sections of our community.

6.7 Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result.

Position at BDC: See 6.6.

6.8 On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.

Position at BDC: The Annual Report covers performance issues linking these with the Council's priorities. Annual financial statements which cover the outturn position are provided within the Annual Statement of Accounts with more detailed reports being provided to committee and made available on the Council's website. While the Service Plans are essentially forward looking documents the objectives and aspirations which they incorporate are based upon previous year's trends, and reflect both details concerning, and analysis of, previous performance.

6.9 Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

Position at BDC: The Council's Constitution and its overall ethos as set out in the Corporate Plan make it clear that it has mechanisms and processes in place which facilitate openness and transparency. The Communication and Engagement Strategies as set out in the previous section have been explicitly developed in order to achieve these objectives.

6.10 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

Position at BDC: The Constitution together with the Corporate Plan and supporting documentation and strategies incorporate a clear role for our employees in the development and delivery of our plans. A formal consultation mechanism is in place in the form of the UECC (Union and Employee Consultation Committee) which involves Members, senior officers and trade union representatives. In addition, all employees are involved in the service planning process, have team meetings, attend staff road shows, and a variety of other mechanisms are available to facilitate employee participation. The Council is accredited under IIP.

Key Elements of the Systems and Processes of a Governance Framework

(Extracted from CIPFA/SOLACE Delivering Good Governance in Local Government 2012)

Key elements of the systems and processes that comprise an authority's governance include arrangements for:

- **identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

The Council has in place a formal Consultation Policy supported by a dedicated consultation officer and a partnership team part of whose remit is to ensure effective links with local communities. A Citizens Panel meets on a regular basis and the Council ensures that appropriate consultation arrangements are put in place in respect of new initiatives. The Council's objectives and vision are set out in its Corporate Plans supported by a range of appropriate Strategies and Policies. Communications with local residents are secured through an active consultation process, by distribution of a Civic newspaper "The News" three times a year, through the website, by issuing printed leaflets etc on specific issues and by promoting coverage in the local press.

- **reviewing the authority's vision and its implications for the authority's governance Arrangements**

The authority's vision is set out in the Corporate Plan which is comprehensively revised every three years. The Corporate Plan is reviewed on an ongoing basis with the authority taking active steps to ensure that its vision is considered by local residents, partners and by elected members and employees. The Corporate Plan informs both the service plans across the Council and provides the vision and objectives which underpin the full range of Council strategies and policies.

- **translating the vision into objectives for the authority and its partnerships**

The Corporate Plan informs and directs service plans across the Council. When entering into Partnerships the Council ensures that the aims and objectives of the partnership are aligned with those of the Council and that Governance arrangements are in line with those of Bolsover District Council. Continued compliance is ensured by the active involvement of Elected Members, Senior Officers or the Partnership Team in all key partnerships.

- **measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money**

The Council has in place an effective Performance Management system which adopts a balanced scorecard approach by including Performance, Finance and Risk within the managerial framework. The Performance Management framework includes a structured consideration of customer complaints to ensure that services are being delivered in line with customer expectations.

- **defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements**

These are set out in the Council's Constitution.

- **developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

Formal Codes of Conduct are in place for both Elected Members and Officers. These are supported by a range of policies in respect of Fraud and Corruption, Whistle blowing, etc. There is a Members Development Programme and training for staff which is intended to ensure that all individuals are aware of their responsibility. The Council has in place an active Standards Committee and Audit Committee which are responsible for helping ensure that high standards are maintained.

- **reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality**

The Constitution is reviewed on an annual basis with its appropriateness being monitored on an ongoing basis by considering if it remain 'fit for purpose' as part of the routine decision making process. Where practical experience of decision making suggests that particular areas of the constitution / decision making process are not working well then the arrangements are reviewed. The Council has a formal performance management system in place which helps ensure that the vision and objectives set out within the Corporate Plan are secured in practice.

- **reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

The Council has in place a risk management framework which is integrated into the wider performance management arrangements. The Strategic Risk Register is reported to Cabinet and Audit Committee on a quarterly basis, operational risk registers being incorporated within service plans and all Committee reports having a section dealing with Risk. Appropriate training is provided to both Elected Members and Officers to ensure there is a well developed risk culture across the organisation.

- **ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

The Council has in place an established Anti Fraud, Bribery and Corruption Policy (Including Money Laundering Policy) which was reviewed and approved in the summer of 2012. Regular updates are taken to the Audit Committee. This policy will be reviewed and refreshed during the current calendar year.

- **ensuring effective management of change and transformation**

The Council has in place a suitably qualified management team which has over previous financial years has successfully balanced a challenging budget, protected service levels and delivered a range of major projects included moving its administration centre from Bolsover to Clowne, continued to deliver an effective Strategic Alliance for joint working with North East Derbyshire District Council and has progressed plans to secure improvements in the Council's Governance arrangements.

- **ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact**

The Council has in place an experienced, qualified accountant as Chief Financial Officer and complies with the requirements of the CIPFA statement.

- **ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact**

The Authority is fully compliant with the CIPFA statement having a qualified Head of Internal Audit and sufficient resources to deliver the agreed Audit Plan. The Council is compliant with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1st April 2013.

- **ensuring effective arrangements are in place for the discharge of the monitoring officer function**

The Council has in place a monitoring officer who is experienced in the role, is a qualified lawyer and is head of the Council's legal service.

- **ensuring effective arrangements are in place for the discharge of the head of paid service function**

The Chief Executive is the Head of Paid Service. He is experienced in that role and is a qualified accountant. The Council is currently in the process of recruiting a successor with the person specification including requirements to help ensure that the successful candidate is appropriately qualified to undertake the role of Head of Paid service.

- **undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities**

There is an established Audit Committee in place which meets 6 times a year. Its role is set out within the Council's Constitution and it conforms to the requirements of the CIPFA guidance. The Audit Committee has self assessed its performance

against the relevant sections in the CIPFA / SOLACE publication “Delivering Good Governance in Local Government”

- **ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

The Council has in place both experienced and qualified statutory officers, along with an experienced legal team. All officers across the Council are suitably qualified for the role they undertake and are expected to undertake CPD to ensure that they are aware of changing legislation. The Council participates in a range of networks which helps ensure that Elected Members and Officers remain up to date and are aware of changes in both legislation and recognised good practice.

- **whistle blowing and for receiving and investigating complaints from the public**

The Council has a whistle blowing charter in place which applies to Employees, Elected Members, the public and external contractors.

- **identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

The Assurance Statement assesses the training /development arrangements in respect of both Members and senior Officers.

- **establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

The Council has secured and maintained Customer Service Excellence status and continues to develop its services to customers through effective consultation, communication and establishment of clear service standards.

- **enhancing the accountability for service delivery and effectiveness of other public service providers**

The Council has well established relationships with other providers of public services including having a senior Health officer on its wider Management Team, together with a joint programme of promoting active lifestyles. Regular meetings take place with senior officers of the County Council and with neighbouring District Councils. A regular Parish Liaison meeting is held and the Council has good working relationships with all local parish councils. It has an active LSP which links effectively to a range of locally based partnerships, while it has good working relationships with appropriate national agencies such as the Department of Work and Pensions. Appropriate joint service initiatives – including shared services are promoted. In addition to maintaining its good working relationship with other local authorities the Council is seeking to secure further improvements in its relationship with the private sector as it recognises that a prosperous local economy lies at the heart of achieving its own priorities. To support its economic development initiatives the Council is an active member of both the Sheffield City Region and the Nottinghamshire / Derby (D2N2) Local Economic Partnership. More recently it has agreed to become a founding member of the Derbyshire Combined Authority.

- **Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.**

The Council only participates in partnerships and joint working where it is satisfied that robust governance arrangements are in place both in respect of the relationship between the Council and the partnership and within the partnerships own internal governance arrangements.

DRAFT MEMORANDUM TO THE SIGNATORIES OF THE ANNUAL GOVERNANCE STATEMENT

You will be aware that in line with the requirements of the Accounts and Audit (Regulations 2011 and associated good practice guidance that all local authorities are required to prepare as part of the preparation of the Annual Accounts an “Annual Governance Statement”. At the heart of the Annual Governance Statement is a requirement to reflect how the Council conducts its business, both internally and in its dealing with others. In line with good practice it is appropriate that the Leader and the Chief Executive be required to sign off the Governance Statement, with the signed copy appearing alongside the Council’s Published Accounts.

As the Chair of the Audit Committee and the Council’s Responsible Financial and Legal officers we have given appropriate consideration to the Governance Statement that is attached. We are satisfied that it meets the requirements the relevant legislation and good practice and that it gives the reader a true and fair view of the current position within Bolsover District Council. In arriving at this statement we have taken into account the available evidence, and have put in place appropriate mechanisms to allow informed challenge of this document to take place.

In particular we have placed reliance on the following:

- We have developed an Assurance Statement which follows the model set out within the Rough Guide for Practitioners produced by the CIPFA Finance Advisory Network. This Guidance which is now some 8 years old has been supplemented by a consideration of the requirement of the CIPFA / SOLACE publication Delivering Good Governance in Local Government (2012) which has been taken into account in our evaluation of governance arrangements..
- We have considered all of the findings or outcomes of the reports presented by KPMG (our External Auditors), by other external inspections or by Peer Review, and from Internal Audit. Where these reviews have resulted in an unfavourable conclusion this has been taken forward by inclusion in the Key Issues of Financial Governance report which is presented to all routine meetings of the Audit Committee.
- The Governance Statement that is presented here has been compiled by a group of senior officers including the Executive Director Operations (S151 Officer) and has been reviewed by other senior Council Officers.
- The contents of the Governance Statement have been agreed with the Strategic Alliance Management team.
- The statement was agreed by the Council’s Audit and Corporate Governance Committee at its meeting of 22 June 2015.

In the light of the above we consider that it is reasonable to request that you sign the attached Governance Statement. We are satisfied that the contents of the Governance

Statement are supported from the evidence collected within the Assurance Statement, and is in line with the issues identified in the Key Issues of Financial Governance Statement. Furthermore, we believe that the Statement has been appropriately prepared by Council officers, and that it has been through a range of challenge mechanisms which ensure that there is effective corporate ownership of the Statement.

John Yates
Chair of the Audit Committee

Bryan Mason
S151 Officer
(Executive Director Operations)

Sarah Sternberg
Monitoring Officer

Bolsover District Council

AUDIT COMMITTEE

2nd JUNE 2015

KEY ISSUES OF FINANCIAL GOVERNANCE

Report of the Executive Director – Operations

This report is public

Purpose of the Report

- The purpose of the Key Issues of Financial Governance report is to track progress concerning the implementation of previous recommendations from both External and Internal Audit and to inform the Audit Committee of progress in addressing those recommendations. It constitutes a standing item on all agendas of the Audit Committee.

1 Report Details

- 1.1 This report seeks to update Members of the Audit Committee concerning the main issues of financial governance where further progress or ongoing monitoring is required. In particular the report outlines issues raised by both External and Internal Audit in order to monitor progress in resolving these issues and to evaluate the overall progress of the Council's financial governance arrangements.
- 1.2 The Strategic Issues which are outlined below are consistent with the conclusions of the External Auditors (KPMG) report on the outcome of the 2013/14 Audit. The key messages from that report are as follows:
 - While the auditors have identified some issues where they have made adverse comment these are relatively minor. In overall terms the Council has continued to make further progress in its accounting arrangements which consolidates and builds upon the improvements secured in the 2012/13 final accounts. The issues raised by External Audit in respect of the 2013/14 Accounts are being addressed to help ensure that further improvements are secured in respect of the 2014/15 reporting process.
 - The Council needs to continue with its programme of work in respect of the management of contracts to ensure that all outstanding issues are satisfactorily resolved. The recent Internal Audit report in respect of Procurement evaluated the internal controls which were operating in this area as being marginal. Appendix 1 to this report outlines the steps that are being taken by Management in response to the issues that have been identified.

- The Annual Governance Statement for 2013/14 outlined the progress that has been made in respect of improving the Council's internal Control arrangements as evidenced by the reduction in the number of critical Internal Audit reports from 13 in 2012/13 to a figure of 3 in 2013/14. At this stage in the current financial year three reports have been evaluated as marginal, so even if no further critical reports are received there remains room for improvement.
- Whilst the Council has maintained good progress in protecting its financial resilience it needs to move to address the identified financial shortfalls in respect of 2014/15 onwards. The External Auditors report concludes that:

"Against a background of reduced funding and continued demand pressures it will become increasingly difficult to deliver savings in a way that secures long term financial and operational sustainability."

The issues identified above are all incorporated within the Action Plan set out in Appendix 1.

- 1.3 With regard to the Strategic Issues that have been agreed these are summarised in the table below which provides an outline of the issues together with an update of the current position. Given that these are Strategic Issues the responsibility for addressing them rests with the Chief Financial Officer working with the wider management team. Resolution of the issues is also dependent upon the active support of Elected Members. The role adopted by the Audit Committee has been one of monitoring and evaluating progress and where appropriate requiring and supporting further action from officers.
- 1.4 While there remain significant issues to address there is a clear trend of improvement. It is, however, important that the Council continues with measures that consolidate this improvement, ensure it is sustainable and addresses any outstanding issues.
- 1.5. In the light of the outcome of the 2013/14 year end report provided by KPMG together with the Council's own improvement plans there are a range of measures in place which are designed to address the issues of financial governance faced by the Council. These may be summarised as follows:
 - A training programme has been provided to all cost centre managers which covers a range of core competencies such as financial management, risk, performance, procurement, etc. In addition, the quarterly performance and finance meetings are now well established and provide an important opportunity to ensure that best practice is in operation across the full range of Council activities.
 - Our procurement arrangements have been revised and we have secured appropriately qualified and experienced support from Chesterfield Royal Hospital Trust. Officers are now actively utilising the contract information provided to meet the requirements of the Transparency Agenda as the basis for securing improvements in our contractual arrangements. This

information is now a standing item on the Quarterly Finance, Performance and Risk meetings.

- The capacity and resilience of the Accountancy team is being enhanced by ensuring appropriate training arrangements are in place.
- The Accountancy team will continue to work with cost centre managers in order to secure further improvements in accounting / financial management arrangements. The Chief Financial Officer together with the Head of the Internal Audit Consortium will seek to ensure that the Quarterly Finance, Performance and Risk meetings place an increased emphasis on the measures necessary to improve our financial governance arrangements.
- The work of Internal Audit has been incorporated into the existing Quarterly Performance and Financial management framework to ensure that recommendations are fully implemented and that the profile of the importance of internal control is raised within the Council. This will both help secure the improvements in internal control required by the Council whilst helping ensure Internal Audit remain fully compliant with the new U.K. Public Sector Internal Audit Standards.
- Finally, we will continue to monitor the position with respect to the delivery of the Internal Audit Plan.

Future Key Issues of Financial Governance reports will update the Audit Committee in respect of progress against the actions detailed above.

- 1.6 The revised Strategic Key Issues of Financial Governance are set out in Appendix 1 which is provided below.

2 Conclusions and Reasons for Recommendation

Conclusions

- 2.1 The report is intended to provide information to allow the Audit Committee to consider the progress that has been secured in maintaining and improving the Council's financial governance arrangements. While the evidence provided within the report indicates that the Council's financial governance arrangements are robust and are continuing to improve it is important that this progress is maintained and outstanding issues are resolved. Members should note that elsewhere on this agenda is the draft Annual Governance Statement in respect of the 2014/15 financial year. That Statement seeks to reflect the issues raised within this report.

Reasons for Recommendations.

- 2.2 To allow the Audit Committee to undertake its function of undertaking an ongoing independent review of the Council's financial governance arrangements.

3 Consultation and Equality Impact

Consultation.

- 3.1 There are no issues arising from this report which necessitate a detailed consultation process.

Equalities.

- 3.2 This report does not have any direct implications for Equalities issues.

4 Alternative Options and Reasons for Rejection

- 4.1. Given that the Council has a clear commitment to improving its financial governance arrangements it is appropriate that a formal reporting mechanism is in place to the Audit Committee. This approach is in line with good professional practice and accordingly other options have not been actively considered. While there are options as to the format of this report the current format has been brought before the Audit Committee for a period of over three years and has been amended to reflect the views of the Committee. Over this period there has been a systematic improvement in the Council's Financial Governance arrangements which indicate that the approach adopted has assisted in securing the necessary outcomes.

5 Implications

5.1 Finance and Risk Implications

Financial

There are no additional financial implications for the Council as a result of this report.

Risk

This report is intended to assist in ensuring that the Council has robust financial governance arrangements in place. As such it is a key mitigation against any failure or weakening in these arrangements which would have a significant impact upon both the Council's financial performance and its service delivery arrangements.

5.2 Legal Implications including Data Protection

There are no Legal or Data Protection issues arising directly from this report.

5.3 Human Resources Implications

There are no Human Resources issues arising directly out of this report.

6 Recommendations

- 6.1. It is recommended that Audit Committee considers whether the Strategic Issues of Financial Governance as set out in the report reflect the key issues facing the Council, and raises any issues of concern which it may have with progress to date.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	None Directly.
Links to Corporate Plan priorities or Policy Framework	Robust financial Governance arrangements underpin the effective operation of the Council and its ability to secure the full range of Corporate Plan Priorities.

8 Document Information

Appendix No	Title
1	Key Issues of Financial Governance : Summary
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
External Audit Reports :	
KPMG “Annual Audit Letter 2013/14 (Audit Committee 15 th December 2014)	
“Report to those Charged with Governance 2013/14 ISA 260” (Audit Committee 22 nd September 2014).	
Internal Audit Consortium:	
“Summary of Progress on the 2014/15 Internal Audit Plan” (Audit Committee 13 th April 2015).	
Report Author	Contact Number
Executive Director – Operations (Chief Financial Officer)	2431

KEY ISSUES OF FINANCIAL GOVERNANCE SUMMARY

Issue Raised	Progress to date including target dates.
<p>1. Take effective steps to balance the Council's budget over the period of the Medium Term Financial Plan.</p>	<p>The Council will secure a balanced budget in respect of the previous financial year (2014/15) achieving in full its savings target of £0.447m. The budget in respect of the current financial year (2015/16) has identified a savings target of some £0.350m which officers are of the view should be relatively easy to secure. However, the projected shortfalls in respect of 2016/17 and 2017/18 are both in the region of £1m. The position in respect of these latter years is made more difficult by the fact that the actual financial settlement is not anticipated until the Autumn Statement of the incoming Government in November 2015. Against this background it is important that the Council continues to progress its growth and transformation strategies to secure financial sustainability and enable it to address the identified shortfall.</p>
<p>2. To secure further improvements in financial reporting with respect to the Council's published accounts and in the Council's financial management arrangements.</p>	<p>The Council has continued to improve the quality of its financial accounts as demonstrated by the External Audit reports in respect of both 2012/13 and 2013/14. The improvements secured to date provide a firm foundation for consolidation of progress. The Accountancy Team is well established and is well placed to secure further improvements especially in respect of work with service managers to deliver the improved financial management required against the increasingly challenging financial position facing local authorities. Appropriate training programmes are in place for all members of the team. The audit of the 2014/15 Statement of Accounts will provide a further independent assessment of progress.</p>
<p>3. To improve the Council's Internal Control arrangements, and to strengthen the culture of effective management and budgetary control across the Authority.</p>	<p>This Key Issues of Financial Governance report, together with reports from Internal and External Audit should enable the Audit Committee to monitor the progress that is being made in respect of securing improvements in our internal control arrangements. Internal Audit have undertaken a more prominent role in the Council's Performance Management arrangements since April 2013.</p> <p>A comprehensive training programme has been delivered to all cost centre managers during the summer of 2014, and measures will be taken to strengthen the communications around the importance of internal control and the Council's wider financial position.</p>

	<p>The reduction in the number of Internal Audit reports where areas have been assessed as marginal between 2012/13, 2013/14 and 2014/15 supports the view that the internal control environment is improving.</p>
<p>4. To ensure that issues around the Council's contractual arrangements are resolved and that good quality arrangements remain in place.</p>	<p>The recent review by Internal Audit has concluded that managerial arrangements in this area whilst improved remain marginal. A number of measures have been put in place in order to secure further improvement which can be summarised as follows:</p> <ul style="list-style-type: none"> • A training programme including a significant element concerning procurement contracts has been delivered. • The Council is using the contract data required under the Transparency Agenda as the basis for securing improvements in our managerial arrangements. • The Council has entered into a shared service arrangement with Chesterfield Royal Hospital in order to secure access to specialist procurement advice. • All recommendations made in the Internal Audit report will be implemented. • There will be an increased emphasis on Procurement issues as part of the Quarterly Finance, Risk and Performance meetings.