

Date: 8th May 2018

The Arc
High Street
Clowne
Derbyshire
S43 4JY

Dear Sir or Madam

You are hereby summoned to attend a meeting of the Audit Committee of the Bolsover District Council to be held on **Wednesday 16th May 2018 at 1400 hours** in the Council Chamber, The Arc, Clowne.

Register of Members' Interests - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on page 2.

Yours faithfully



Assistant Director of Governance and Monitoring Officer

To: Joint Head of Corporate Governance and Monitoring Officer

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AUDIT COMMITTEE

AGENDA

**Wednesday 16th May 2018 at 1400 hours in the
Council Chamber, 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.	To approve the minutes of a meeting held on 10 th April 2018.	3 to 5
5.	Report of the External Auditor (KPMG) None	
6.	Report of the Internal Audit Consortium (A) Summary of Progress on the 2017/18 Internal Audit Plan (B) Internal Audit Consortium 2017/18 Annual Report to Bolsover District Council	6 to 10 11 to 19
7.	Reports of the Joint Head of Finance and Resources (A) Strategic Risk Register and Partnership Arrangements (B) Annual Governance Statement 2017/18	20 to 36 37 to 81

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Tuesday 10th April 2018 at 1400 hours.

PRESENT:-

Members:-

Councillor D. McGregor in the Chair

Councillors J.A. Clifton, S.W. Fritchley and A.M. Syrett

Independent Member:-

R. Jaffray

External Auditor (KPMG):-

T. Crawley

Officers:-

D. Clarke (Joint Head of Finance and Resources), G. Galloway (Joint Head of Property and Commercial Services) (until Minute No. *), J. Williams (Internal Audit Consortium Manager) and A. Brownsword (Senior Governance Officer)

0732. APOLOGY

An apology for absence was received from Councillor M. Dooley.

0733. URGENT ITEMS OF BUSINESS

There were no urgent items of business.

0734. DECLARATIONS OF INTEREST

There were no declarations of interest.

0735. MINUTES – 23RD JANUARY 2018

Moved by Councillor S.W. Fritchley and seconded by Councillor A.M. Syrett
RESOLVED that the minutes of the Audit Committee held on 23rd January 2018 be approved as a true and correct record.

AUDIT COMMITTEE

0736. REPORT OF THE EXTERNAL AUDITOR (KPMG) KPMG EXTERNAL AUDIT: PROGRESS REPORT AND TECHNICAL UPDATE

The External Auditor presented the report which gave the Committee information on progress made against the Audit Plan for 2017/18. It was noted that the audit was on track. The departure of the two Directors was being looked at and it was noted that further detailed tax advice would be necessary prior to establishing any new joint venture companies in the future.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

0737. REPORT OF THE INTERNAL AUDIT CONSORTIUM INTERNAL AUDIT PLAN 2018/19

The Internal Audit Consortium Manager presented the report which detailed the proposed Internal Audit Plan for 2018/19. 483 audit days were proposed and the plan took into account the following:

- Organisational objectives and priorities
- Local and national issues and risks
- The requirement to produce an annual internal audit opinion
- The organisations assurance framework
- An update of the internal audit risk assessment exercise covering the financial control and other procedures subject to audit
- The fraud risk register
- The Council's strategic risk register
- The views of the Joint Head of Finance and Resources and other managers

Moved by Councillor S.W. Fritchley and seconded by Councillor D. McGregor
RESOLVED that the Internal Audit Plan for 2018/19 be approved.

0738. REPORT OF THE INTERNAL AUDIT CONSORTIUM SUMMARY OF PROGRESS ON THE 2017/18 INTERNAL AUDIT PLAN

The Internal Audit Consortium Manager presented the report which informed Committee of progress made by the Internal Audit Consortium in relation to the 2017/18 Internal Audit Plan. 5 reports had been issued since the beginning of January 2018 which were all positive.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

AUDIT COMMITTEE

0739. REPORT OF THE JOINT HEAD OF FINANCE AND RESOURCES ACCOUNTING POLICIES 2017/18

The Joint Head of Finance and Resources presented the report which sought approval of the accounting policies it was proposed to adopt for the current financial year in preparation of the Statement of Accounts 2017/18.

It was noted that this was part of the final accounts process, but very little needed to change from previous years. There would be further changes made next year which would be reported to Members.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that (1) the Audit Committee approve the Accounting Policies detailed at Appendix 1 of the report,

(2) Any proposed amendments or changes to the policies be reported back to Audit Committee, together with an explanation for the reasons a change was considered to be appropriate and detailing any financial implications for the amendments.

(Joint Head of Finance and Resources)

0740. REPORT OF THE JOINT HEAD OF FINANCE AND RESOURCES KEY ISSUES OF FINANCIAL GOVERNANCE

The Joint Head of Finance and Resources presented the report which tracked progress concerning the implementation of previous recommendations from both External and Internal Audit and informed Committee of the progress in addressing those recommendations.

It was noted that there had been an increase in the amount of Planning fees and it was hoped to have a final outturn position by the end on April. The budget for 2018/19 had now been approved and there were no areas of concern.

Members raised a query regarding the position of the HRA and the Joint Head of Finance and Resources noted that although the HRA did not form part of the Key Issues, the HRA Business Plan could be brought before Members, if required.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

The meeting concluded at 1424 hours.

Bolsover District Council

Audit Committee

16th May 2018

Summary of Progress on the 2017/18 Internal Audit Plan

Report of the Internal Audit Consortium Manager

This report is public

Purpose of the Report

- To present, for members' information, progress made by the Audit Consortium, in relation to the 2017/18 Internal Audit Plan. The report includes a summary of Internal Audit Reports issued from 17th March 2018 to 4th May 2018.

1 Report Details

- 1.1 The 2017/18 Consortium Internal Audit Plan for Bolsover District Council was approved by the Audit Committee on the 11th April 2017.
- 1.2 The Consortium Agreement in paragraph 9.3 requires that the Head of the Internal Audit Consortium (HIAC) or his or her nominee will report quarterly (or at such intervals as the HIAC may agree with the Committee) to the Audit Committee of each Council on progress made in relation to their Annual Audit Plan.
- 1.3 Attached, as Appendix 1, is a summary of reports issued from the 17th March 2018 to the 4th May 2018.
- 1.4 Internal Audit Reports are issued as drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.
- 1.5 The Appendix shows for each report a summary of the level of assurance that can be given in respect of the audit area examined and the number of recommendations made / agreed where a full response has been received.
- 1.6 The assurance provided column in Appendix 1 gives an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in accordance with the following classifications:

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

1.7 It can be confirmed that no fraud issues have been identified in respect of the areas reviewed.

1.8 The following audits are currently in progress:

- Pleasley Vale Outdoor Centre
- IT Inventory/disposal of equipment
- Health and Safety
- Recruitment and Selection
- System Security

2 Conclusions and Reasons for Recommendation

2.1 To inform Members of progress on the Internal Audit Plan for 2017/18 and the Audit Reports issued.

2.2 To comply with the requirements of the Public Sector Internal Audit Standards.

3 Consultation and Equality Impact

3.1 None

4 Alternative Options and Reasons for Rejection

4.1 Not Applicable

5 Implications

5.1 Finance and Risk Implications

5.1.1 Regular reports on progress against the internal audit plan ensure compliance with the Public Sector Internal Audit Standards and allow members to monitor progress against the plan.

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 Human Resources Implications

5.3.1 None

6 Recommendation

6.1 That the report be noted.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000 <input type="checkbox"/></i> <i> Capital - £150,000 <input type="checkbox"/></i> <i>NEDDC: Revenue - £100,000 <input type="checkbox"/></i> <i> Capital - £250,000 <input type="checkbox"/></i> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
Appendix 1	Summary of Internal Audit Reports Issued from the 17 th March 2018 to the 4th May 2018.
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)	
N/A	
Report Author	Contact Number
Jenny Williams	01246 217547

JENNY WILLIAMS

INTERNAL AUDIT CONSORTIUM MANAGER

BOLSOVER DISTRICT COUNCIL

Appendix 1

Internal Audit Consortium - Report to Audit Committee

Summary of Internal Audit Reports Issued from the 17th March to the 4th May 2018

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B029	Creditors	To ensure that all invoices are paid promptly and accurately and that purchase orders are raised in advance	Substantial	6/4/18	27/4/18	1L	1
B030	Preparation for new GDPR Regulations	To ensure that the Council is fully prepared for the introduction of the new General Data Protection Regulations	Reasonable	19/4/18	10/5/18	3 (2M 1L)	Note 1

Notes: For recommendations, H = High priority, M = Medium priority and L = Low Priority.

Note 1 Response not due at time of writing report

Bolsover District Council

Audit Committee

16th May 2018

<p>Internal Audit Consortium 2017/18 Annual Report to Bolsover District Council</p>
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Report of the Internal Audit Consortium Manager

This report is public

Purpose of the Report

The purpose of this report is to:

- Present a summary of the internal work undertaken during 2017/18 from which the opinion on the internal control environment is derived
- Provide an opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion
- Draw attention to any issues that need to be considered for inclusion in the Annual Governance Statement
- Compare work actually undertaken with that which was planned and summarise performance
- Comment on compliance with the Public Sector Internal Audit Standards
- Confirm progress against the Internal Audit action plan that was developed following an external review of internal audit
- Comment on the results of the internal quality assurance programme
- Confirm the organisational independence of internal audit
- Review the performance of the Internal Audit Consortium against the current Internal Audit Charter

1 Report Details

- 1.1 Appendix 1 details the audit reports issued in respect of audits included in the 2017/18 internal audit plan. The appendix shows for each report the overall assurance level on the reliability of the internal controls. An additional column shows the opinion given at the last audit for information. The report assurance levels can be summarised as follows:

Assurance Level	Number of Reports 2017/18	Percentage 2016/17	Number of Reports 16/17
Substantial	16	Good	22
Reasonable	12	Satisfactory	4
Limited	1	Marginal	4
Inadequate	0	Unsatisfactory	1
N/A	1	Unsound	0
Total	30		31

1.2 A definition of the above control levels is shown in Appendix 1.

1.3 There were no issues relating to fraud arising from the reports detailed in Appendix 1.

1.4 The following table summarises the performance indicators for the Internal Audit Consortium as detailed in the Internal Audit Service Plan:

Description	2017/18		2018/19
	Plan	Actual	Plan
Cost per Audit Day	£280	£266	£287
Percentage Plan Completed (BDC)	96%	96%	96%
Sickness Absence (Days per Employee)	8.0 (Corporate Trigger)	4.0	8
Customer Satisfaction Score (BDC)	85%	90%	85%
To issue internal audit reports within 10 days of the close out meeting. (BDC)	90%	100%	90%
Number/proportion of audits completed within time allocation (BDC)	80%	86%	80%
% 2017/18 Agreed recommendations implemented by due date (BDC)	80%	78%	80%
Quarterly reporting to Audit Committee	100%	100%	100%

OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE CONTROL ENVIRONMENT

1.5 The Internal Audit Consortium Manager is responsible for the delivery of an annual audit opinion that can be used by the council to inform its

governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisations framework of Governance, risk management and control.

- 1.6 In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2017/18.
- 1.7 There are no qualifications to this opinion.
- 1.8 Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are a few areas where improvements are required.
- 1.9 Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.
- 1.10 Members will also be aware of risk areas that are detailed on the Council's Strategic Risk Register i.e.:-
 - Changes in Legislation/impact of Brexit
 - Budget Challenges
 - Operational service failure
 - Staff morale and recruitment difficulties
 - Delivery of major initiatives
 - Emergency Planning and Business Continuity Arrangements
 - Cyber crime
 - Lack of strategic direction
 - Data protection failures
 - Governance arrangements
 - HS2 Preparation and Delivery
- 1.11 These risks are all managed corporately and controls put in place to mitigate risk where possible.

ISSUES FOR INCLUSION IN THE ANNUAL GOVERNANCE STATEMENT

- 1.12 The internal control issues arising from audits completed in the year have been reported to the Joint Head of Service (Finance and Resources) for consideration during the preparation of the Annual Governance Statement. There has been one Limited Assurance report (Sheltered Housing) for which all the recommendations made have now been implemented. There have been no inadequate assurance reports. No issues have been recommended for inclusion in the Annual Governance Statement arising from the work of Internal Audit IN 2017/18.

COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

- 1.13 The Internal Audit Plan for 2017/18 was approved by the Audit Committee on the 11th April 2017. 96% of the 2017/18 planned audits have been completed and reported upon at the time of writing this report. The one remaining audit from 2017/18 is in the process of being finalised (system security) and will be issued and reported on in the 2018/19 financial year. An additional audit (Grounds Maintenance) has also been completed that was not in the original plan.

COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND OTHER QUALITY ASSURANCE RESULTS

- 1.14 During 2017/18 a self - assessment was undertaken to review compliance with the Public Sector Internal Audit Standards. The review confirmed that there were no significant areas of non compliance.
- 1.15 In October 2016 the internal audit consortium was subject to an external review to ensure compliance with the Public Sector Internal Audit Standards. The review concluded that the Consortium was compliant with and in places exceeded the requirements of the PSIAS but a number of recommendations were made to further enhance the service provided by the Consortium. The action plan has been completed with the exception of ongoing areas. A further improvement plan will now be developed.
- 1.16 It can also be confirmed that the internal audit activity is organisationally independent. Internal audit reports to the Joint Head of Service (Finance and Resources) but has a direct and unrestricted access to senior management and the Audit Committee.
- 1.17 Quality control procedures have been established within the internal audit consortium as follows:
- Individual Audit Reviews – Working papers and reports are all subject to independent review to ensure that the audit tests undertaken are appropriate, evidenced and the correct conclusions drawn. All reports are reviewed to ensure that they are consistent with working papers and in layout. Whilst these reviews may identify issues for clarification, the overall conclusion of the quality assurance checks is that work is being completed and documented thoroughly.
 - Customer Satisfaction – A Customer Satisfaction Survey form is issued with each report. This form seeks the views of the recipient on how the audit was conducted, the report and recommendations made.
 - Client Officer Views – A survey form has been issued to the client officer seeking his views on the overall performance of the Internal

Audit Consortium for the year in achieving the objectives set out in the Internal Audit Charter.

- All staff have been provided with a copy of the Public Sector Internal Audit Standards and the Internal Audit manual has been updated to reflect the requirements of the standards and issued to all staff. A further review of the audit manual is scheduled for the summer of 2018.

- 1.18 The above quality control procedures have ensured conformance with the PSIAS.
- 1.19 Based on the customer satisfaction survey forms returned, the average score was 90% for customer satisfaction during 2017/18.
- 1.20 The results of the Client Officer survey for BDC was a score of 94% (33 out of a maximum of 35 - for the seven areas reviewed this represented 5 'very good' scores and 2 'good' scores).

REVIEW OF PERFORMANCE OF THE INTERNAL AUDIT CONSORTIUM AGAINST THE CURRENT INTERNAL AUDIT CHARTER

- 1.21 The Audit Charter was last reported to and approved by the Audit Committee in June 2016. A review of the Charter is scheduled for the summer of 2018.
- 1.22 Based on the information provided in this report on the completion of the 2017/18 internal audit plan, it is considered that the requirements of the Charter were met during the year.

2 Conclusions and Reasons for Recommendation

- 2.1 To present to Members the annual report for the Internal Audit Consortium in respect of Bolsover District Council for 2017/18.
- 2.2 To ensure compliance with the Public Sector Internal Audit Standards.
- 2.3 To provide an opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion.

3 Consultation and Equality Impact

- 3.1 Not Applicable.

4 Alternative Options and Reasons for Rejection

- 4.1 Not applicable.

5 Implications

5.1 Finance and Risk Implications

This report ensures that Members are aware of the work undertaken by internal audit during 2017/18 and the Internal Audit Consortium Managers opinion on the adequacy and effectiveness of the systems in place at Bolsover District Council.

5.2 Legal Implications including Data Protection

None.

5.3 Human Resources Implications

None

6 Recommendation

6.1 That the Internal Audit Consortium Annual Report for 2017/18 be noted.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000 <input type="checkbox"/></i> <i>Capital - £150,000 <input type="checkbox"/></i> <i>NEDDC: Revenue - £100,000 <input type="checkbox"/></i> <i>Capital - £250,000 <input type="checkbox"/></i> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
Appendix 1	Internal Audit Reports issued 2017/18
Background Papers	
Report Author	Contact Number
Jenny Williams Internal Audit Consortium Manager	01246 217547

Appendix 1

Bolsover District Council – Internal Audit Reports Issued 2017/18

Ref	Report Title	Assurance Level 2017/18	Opinion Previous Audit
1	Business Continuity and Emergency Planning Arrangements	Reasonable	Good
2	Housing Allocations and Lettings	Reasonable	Satisfactory
3	Sickness Absence Management	Reasonable	Satisfactory
4	Land Charges	Substantial	Good
5	Sheltered Housing Scheme Review	Limited	N/A
6	Asset Management	Substantial	Good
7	Corporate Plan Targets	Substantial	Good
8	Contract Accounts and Procedures	Reasonable	Unsatisfactory
9	Disabled Facilities Grants	Substantial	Good
10	Procurement	Substantial	Satisfactory
11	Pleasley Mills Rent Collection	Substantial	Good
12	Treasury Management	Substantial	Good
13	Non Domestic Rates	Substantial	Good
14	Clowne Leisure Centre	Reasonable	Marginal
15	Budgetary Control	Substantial	Good
16	Main Accounting	Substantial	Good
17	Payroll	Substantial	Good
18	Cash and Bank	Substantial	Good
19	Council Tax	Substantial	Good
20	Food Hygiene	Reasonable	N/A
21	Transport Follow up	N/A	Unsatisfactory
22	Housing Rents	Reasonable	Good
23	Housing Benefits	Substantial	Good
24	Sundry Debtors	Reasonable	Good
25	Taxi Licensing	Reasonable	Marginal
26	Housing Repairs	Reasonable	Good
27	Safeguarding	Reasonable	Satisfactory
28	Grounds Maintenance	Substantial	Satisfactory
29	Creditors	Substantial	Good
30	Preparation for the General Data Protection Regulations	Reasonable	N/A

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Bolsover District Council

Audit Committee

16 May 2018

Strategic Risk Register and Partnership Arrangements

Report of the Head of Finance & Resources

This report is public

Purpose of the Report

- To enable the Audit Committee to consider the attached report concerning the Strategic Risk Register which will be considered by Executive at its meeting of 18 June 2018.

1 Report Details

- 1.1 To update Members of the Audit Committee concerning the Strategic Risk Register. Any comments expressed by the Audit Committee will be taken into account in developing both the Council's risk management reports and wider risk management arrangements.

2 Conclusions and Reasons for Recommendation

- 2.1 These are detailed in the attached report.

Reasons for Recommendation

- 2.2 To ensure that the Audit Committee are kept informed concerning the Council's latest position regarding Risk Management and Partnership working and are able to exercise effective influence on the Council's Risk Management 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 There are no direct implications arising from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 These are detailed in the attached report.

5 Implications

5.1 Finance and Risk Implications

Financial

These are detailed in the attached report.

Risk

These are detailed in the attached report.

5.2 Legal Implications including Data Protection

These are detailed in the attached report.

5.3 Human Resources Implications

These are detailed in the attached report.

6 Recommendations

- 6.1 That the Audit Committee note the report and make any comments that they believe to be appropriate with regards to the attached report which will be considered by Executive at its meeting on 18 June 2018.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000 <input type="checkbox"/></i> <i> Capital - £150,000 <input type="checkbox"/></i> <i>NEDDC: Revenue - £100,000 <input type="checkbox"/></i> <i> Capital - £250,000 <input type="checkbox"/></i> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
1	Executive Report 18 June 2018 –Strategic Risk Register and Partnership Arrangements
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)	
Service Plan Risk Registers Strategic Risk Register	
Report Author	Contact Number
Dawn Clarke – Head of Finance & Resources	7658

Bolsover District Council

Executive

18 June 2018

Strategic Risk Register and Partnership Arrangements

This report is public

Report of the Leader

Purpose of the Report

- To update Members concerning the current position regarding Risk Management and Partnership Arrangements and to seek approval for the revised Strategic Risk Register as at 31 March 2018, 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 in the light of a consideration of the strategic and operational risks which have been identified by Elected Members and Officers as part of the Council's risk, service management and quarterly performance arrangements.
- 1.2. 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 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 arrangements of the Council. From a Governance perspective the effective operation of Risk Management is 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 helps enable a fully informed decision to be made,

and helps 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 ensuring the organisation has a good awareness of its overall risk exposure, whilst helping determine an appropriate level of financial reserves.

The Strategic Risk Register

- 1.3. The revised Strategic Risk Register as at 31 March 2018 is set out in **Appendix 1** for consideration by Executive. 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 to maintain a focus on current risks.
 - To revisit risk scores assessments and ensure that appropriate mitigation remains in place.
- 1.4. Overall a key theme 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 and of ensuring that the Council mitigates the risk of a catastrophic event or service failure impacting upon our community . This objective needs to be secured against a background of both declining and less certainty concerning financial resources. Allied to the financial position local authorities are faced with significant legislative change impacting upon Housing, Planning, the welfare system, devolution and finance. These developments 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.
- 1.5 During the recent round of Quarterly Performance meeting one of the key issues discussed was the uncertainties associated with Brexit, the roll out of Universal Credit, the pace of legislative change and the ability to recruit and retain appropriately qualified staff were all viewed as remaining of concern. In addition, in light of the level of savings that needed to be identified over the period of the current MTFP, concerns were reiterated regarding the challenges in respect of securing these savings, against a background in which some services were experiencing increased pressures as a result of other agencies withdrawing services. The uncertainties arising from Brexit, the roll out of Universal Credit and legislative changes are incorporated within the same Strategic Risk (Risk 1) as outlined in Appendix 1. The issue of the loss of key staff and the difficulties being experienced in finding suitable replacements continues to be a widespread concern expressed by managers. This issue already featured within the Strategic Risk Register and is detailed as Strategic Risk 5 within Appendix 1, while the issue of financial pressures is covered by Strategic Risk 2 within Appendix 1.

- 1.6 There were a further two key risks identified for inclusion on the Strategic Risk Register. These were failure to have appropriate measures in place to safeguard children and vulnerable adults (risk 10) and failure of the local plan to progress to submission stage and to be found sound at independent examination (risk 11).
- 1.7 In order to develop the understanding of risk together with a culture of risk management throughout the organisations a series of training sessions for senior managers which covered the issue of Risk Management were held in early summer 2017. Likewise, as part of the Budget Scrutiny Meeting in September 2015 there was a presentation to Members concerning Risk Management.

Partnership Arrangements.

- 1.8 As part of the Council's Risk Management (including Partnership Working) Strategy a range of strategic partnerships are reported on and monitored within the Council's quarterly report in respect of Risk. These are complementary to the Partnership Funding and Performance Monitoring reports prepared by the Partnership Team to Executive twice a year which sets out the range of partnerships it works directly with. While the Partnership Team co-ordinate the Council's work with these external organisations it should be noted that many of these have been assessed as being of relatively limited risk, with officers adopting a 'light touch' approach in developing appropriate working relationships.
- 1.9 While there will invariably be an overlap between the two reports this report will focus on what might be termed as the Council's strategic partnerships. These are as follows:
 - The relationship with the North Midlands authorities (Derbyshire and Nottinghamshire) and Sheffield City Region in progressing the economic development and devolution agenda.
 - The strategic alliance with North East Derbyshire District Council which is central to the transformation agenda of delivering services at lower costs whilst enhancing service resilience.
 - Shared Services arrangements with Chesterfield, Derbyshire Dales, North East Derbyshire and the Chesterfield Royal Hospital which help secure cost effective arrangements in a number of specialist service areas.
 - Arrangements with Derbyshire County Council amongst others to secure aligned services across the public sector in areas such as health and economic development.
 - The Community Safety Team and associated statutory partners including the Police.

Although the Partnerships outlined above are very different in terms of scope and working arrangements they all have in place formal governance arrangements between the partners, supported by appropriate internal governance arrangements which cover performance, finance and risk. Appropriate approvals have been agreed through the Council's formal committee arrangements, with partnership issues and developments being considered as is required

within this Council's constitution. The arrangements in place are intended to be both risk based and proportionate to the risk exposure of this Council.

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 appropriately cover all of the issues facing the Council. The section of Partnerships serves to highlight the extent of these working arrangements, together with the mechanisms which are in place for their successful management.

Reasons for Recommendation.

- 2.2 To enable Executive to consider the risks identified within the Strategic Risk Register / Partnership Arrangements 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 and partnerships. Given that this report is part of the approach to help ensure the effective management of risk / partnerships there is not an alternative to the presentation of a formal 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 Executive approves the Strategic Risk Register as at 31 March 2018 as set out in Appendix 1.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
1	Strategic Risk Register as at 31 March 2018
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)	
Service Plan Risk Registers	
Report Author	Contact Number
Dawn Clarke – Head of Finance & Resources	01246 217658

STRATEGIC RISK REGISTER SUMMARY AS AT: 31 March 2018

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact) Taking into Account Current Controls	Risk Owner / Lead Officer
1	Government Legislation / Parliamentary uncertainty / impact of Brexit / adverse external economic climate has an accelerating impact on Council (poor financial settlement), or upon the local economy, to which Council is unable to adopt an appropriate change of Strategic direction.	<ul style="list-style-type: none"> • Unable to deliver a package of services that meet changing local needs and aspirations. • Reduced influence over delivery of local services. • 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
	<ul style="list-style-type: none"> • The Council is outward looking and actively works to understand proposed changes and the approaches that might be adopted to mitigate any adverse impacts of these. • The Council has effective political and managerial (governance) arrangements in place to manage change. • Appropriate levels of financial reserves / investment funding are maintained to fund strategic shifts in service delivery. • Effective engagement with staff to ensure they embrace necessary change. 				

2	Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are limited to 'adequate' 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	Political Leadership / Chief Executive / Chief Financial Officer / SAMT
	<ul style="list-style-type: none"> • The Council has effective financial and wider management arrangements in place to ensure budget / service delivery arrangements are robust. • The current MTFP indicates challenging but manageable savings targets. A key risk is that under 'localism' there is less certainty concerning income (NNDR, NHB). • The Council has 'adequate' financial reserves in place to cushion against any loss of income for a period of at least one financial year. 				
3.	The Council is affected by a operational service failure which has a major impact upon the local community, this impact being reflected in the Council's sustainability and reputation. Failure could arise from services – inc Data Protection – failing to adhere to best practice. Resulting in a potential impact upon the Council's ability to secure its	<ul style="list-style-type: none"> • A significant service failure associated with a major impact on the local community, leading to a wider detrimental corporate impact. • 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. 	3,5 15	2,5 10	SAMT / Assistant Directors

	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"> The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed. The Council has a Performance Management Framework in place to help ensure that services are delivered in line with good practice and industry standards. On going monitoring and regular reporting will help ensure that any emerging issues re service performance are effectively identified and resolved at the earliest possible opportunity. 				
4	It becomes 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. 	3,4 12	2,4 8	SAMT / Asst Director HR
	<ul style="list-style-type: none"> The Council has effective communication and working with staff as validated by securing 'silver' accreditation at IIP. There is sufficient funding to bring in agency staff where required to maintain service performance. At this stage the problematic areas are those where there are national 'shortages'. In the majority of areas it has proved possible to recruit appropriate replacement staff. Appropriate training budgets are in place to ensure that staff receive necessary training to maintain service quality. 				

	<ul style="list-style-type: none"> The Council will look at introducing appropriate apprenticeship / training schemes in order to develop employees to meet our requirements. 				
5	<p>Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives / projects and implementing a range of new government reforms whilst maintaining service quality, which may overstretch our reduced organisational capacity.</p>	<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 savings measures weaken Governance / Internal Control arrangements. Service deterioration / failure arising from capacity issues. 	3,4 12	2,4 8	SAMT / Chief Executive
	<ul style="list-style-type: none"> The Council has effective prioritisation and project management arrangements in place to ensure resources are directed at key objectives. The Council has made efforts to ensure effective use of employees by utilising shared services to protect service resilience, by maintaining appropriate training arrangements and by investing in transformational ICT projects. The Council has a robust performance management framework intended to highlight emerging issues. 				
6	<p>Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu</p>	<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 to inability to effectively operate 	3,4 12	2,4 8	Chief Executive / SAMT

	<p>pandemic, natural disaster (flood), etc.</p> <p>The Council is exposed to cyber crime with a loss of data / systems resulting in a potential inability to provide core services and incurring reputational damage.</p>	<p>services and to safeguard income streams.</p> <ul style="list-style-type: none"> • Business Continuity Plans prove ineffective in practice. 			
	<ul style="list-style-type: none"> • The Council works in partnership with a range of partners on its Emergency Planning arrangements to ensure that we operate in line with best practice. There is an annual 'desktop' scenario to test officers understanding of the arrangements and that they are fit for purpose in a realistic 'trial' scenario. • All sections have Business Continuity plans in place which identify key risks and mitigation. Corporate IT systems have been tested against Industry standards for Business Continuity. • The Council works in partnership with a range of other agencies that should be able to provide support in the event of the Council's own procedures failing to be effective. • The Council has put in place industry standard measures to minimise the risk of cyber crime. 				
7	<p>Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction.</p>	<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	2,4 8	Chief Executive / Political Leadership Team
	<ul style="list-style-type: none"> • There are appropriate structured training arrangements in place for both Members and Officers. • The Council is an outward looking organisation where both Members and Officers are encouraged to network with peer groups to ensure a developed awareness of the broader environment within which we operate. 				

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
	<ul style="list-style-type: none"> • The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed. • The Council has an active Standards and Audit Committee which provide independent review of the Governance arrangements in the Council. • The Annual Governance Report sets out an evidence based structured assessment of the operation of the Council's governance arrangements. 				
9	HS2 preparation and delivery. without considerable environmental mitigation measures will have a negative impact on the visual amenity of the district, disruption to businesses, home owners and communities. It also has the potential to sterilise areas of development due to uncertainty.	Without considerable environmental mitigation measures will have a negative impact on the visual amenity of the district, disruption to businesses, home owners and communities. It also has the potential to sterilise areas of development due to uncertainty.	4,4, 16	4,4, 16	SAMT / Political Leadership

	<ul style="list-style-type: none"> • CEX and senior management actively engaged with HS2 staff to discuss proactive business mitigation measures. • Political leadership working with relevant community groups and agencies lobbying for enhanced mitigation measures. • Contributing to the East Midlands HS2 growth strategy and also that we part of the mitigation study 				
10	Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.	<ul style="list-style-type: none"> • Profile of safeguarding is poor • Staff and members do not know what safeguarding is and their role within it • Staff and members do not know how to spot the signs • Staff and members do not know how to report it and to who? • Lack of public confidence in Council policies plans and staff • Reputational damage • Potential significant harm to individuals resulting from abuse and neglect of Children and/or Vulnerable Adults possibly leading to personal harm, injury and death 	4,4, 16	2,4, 8	SAMT/Political Leadership
	<ul style="list-style-type: none"> • The Council has in place up to date policies for safeguarding both Children and Vulnerable Adults. These policies are aligned to DCC policies which in turn are in line with legislation, regulation and statutory duties placed on Local Authorities. • The Council has in place and maintain systems of working practice to safeguard children and vulnerable adults at Council activities and those who receive Council services. • Staff recognised as appropriate to do, are DBS/CRB checked • All staff receive mandatory safeguarding training • Safeguarding is widely promoted and embedded throughout the organisation with all staff being issued with a wallet sized 'safeguarding quick reference guide' which details what to look out for and what to do • The Council has an internal safeguarding group which meets quarterly which has representation from all service areas of the Council. 				

	<ul style="list-style-type: none"> • The Council host and Chair the Countywide Derbyshire Safeguarding Leads Sub Group of the Derbyshire Safeguarding Childrens Board and Derbyshire Safeguarding Adults Board • The Council are represented on both the Derbyshire Safeguarding Children's Board (DSCB) and the Derbyshire Safeguarding Adults Board (DSAB) 				
11	Failure of BDC Local Plan to progress to submission stage and to be found sound at independent examination.	<ul style="list-style-type: none"> • Potential Government intervention • Undermining the local plan • Reputational damage • Loss of control of planning and development 	4,4, 16	2,4, 8	SAMT / Political Leadership
	<ul style="list-style-type: none"> • At an advanced stage in preparation of the Local Plan. Public consultation on the main document is due to take place in May 2018, with submission scheduled by the end of July. • Successfully avoided Government intervention in the plan-making process and it is important that the revised timetable continues to be met. • The Council has taken reasonable steps in the preparation of the Plan to ensure that it is based on sound evidence and meets procedural and legal requirements. This has included taking external legal advice and securing an advisory visit with the Planning Inspectorate. 				

Bolsover District Council

Audit Committee

16th May 2018

<p><u>Annual Governance Statement 2017/18</u></p>
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Report of the Head of Finance & Resources

This report is public

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 2017/18.
- To review the Local Code of Corporate Governance.
- To increase awareness of Governance Issues amongst Members and Employees of the Council and more generally amongst all stakeholders.

1 Report Details

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

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder agreement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

One of the main 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 the Audit Committee will also be requested to give consideration to the Council's Code of Corporate Governance which is attached as Appendix 2.

- 1.2 A key principle for CIPFA/SOLACE is that the Annual Governance Statement together with the Code of Corporate Governance are corporate documents, which must be owned by the whole organisation. 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 future meeting of the Council.
- 1.3 Some key principles which are set out in the Code are as follows:
 - The key focus of the governance structures should be the attainment of sustainable economic, societal and environmental outcomes.
 - Local authorities must focus on the long term having responsibilities to more than their current electors as they must take into account the impact of current decisions and actions on future generations.
 - Local Authorities should assess their Governance structures and partnerships on at least an annual basis reporting publicly on compliance
- 1.4 The Draft Annual Governance Statement for consideration and approval by this Committee is attached as **Appendix 1**. While it is anticipated that the version considered by the Audit Committee will effectively be the final version of the Annual Governance Statement there may be a requirement to make some final changes before the Statement of Accounts is authorised for issue by the Chief Financial Officer. All such changes together with the audited account will be brought back to the July meeting of this Committee.
- 1.5 The preparation of the draft Annual Governance Statement takes place at the same time as the review of the Council's local Code of Corporate Governance. The Code of Corporate Governance is attached as Appendix 2 to this report for consideration by the Audit Committee. Included as an Appendix within the Code of Corporate Governance is an assessment of the arrangements which were operational within the Council during the 2017/18 financial year. That Appendix is extracted for the CIPFA / SOLACE framework and provides a benchmark against which to assess the policies, procedures and behaviours which are in place at the Council. That review supports the assessment that the Council is operating in line with good practice and that the areas where improvement is required are those identified by the work of Internal Audit. Officers are of the view that this works serves to satisfy the requirement that a comprehensive assessment of the Council's governance arrangements be undertaken and ensure compliance with the requirement to undertake an annual review of the system of internal control.
- 1.6 While the evidence from the structured assessment that has been undertaken demonstrates that appropriate procedures and processes are in place, it should be noted that there remain a small number of issues of Corporate Governance where further work is necessary if we are to continue to comply with the good governance requirement. 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 will be addressed by way of the Key Issues of Financial Governance report which is a standing item on the agenda of the Audit Committee. Other areas of underperformance will be addressed by way of the Performance Management framework.

- 1.7 In addition to the assessment contained within the Code of Governance given in Appendix 2, there is at Appendix 3 a further benchmarking exercise between the CIPFA / SOLACE Code and the draft Annual Governance Statement. The results of this benchmarking confirm the assessment that the Council meets the requirements in respect of the Annual Governance Statement.
- 1.8 Finally, **Appendix 4** is the draft memo from this Committee (to be signed by the Chair) the Chief Financial Officer and Monitoring 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.

Reasons for Recommendation

- 2.3 To enable the Audit Committee to assess the appropriateness of the draft Annual Governance Statement and to make recommendations concerning any amendments which they consider appropriate.

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 A requirement of the Accounts and Audit Regulations is that the Council publish an Annual Governance Statement. Accordingly there is not an option that such a statement should not be prepared. The processes involved in its development 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

There are no financial implications arising directly from this report.

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 supporting documentation do, however, demonstrate that the Council has in place a range of processes and procedures which taken together amount to a culture of effective governance. While there remain a limited 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 to 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 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 together with the Local Code of Corporate Governance 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 as set out in Appendix 1 and make any observations or recommendations which they consider to be appropriate prior to the final version being incorporated within the Council's Statement of Accounts.
- 6.2. That the Audit Committee approve the local Code of Corporate Governance as set out in Appendix 2.

- 6.3. That the Audit Committee having reviewed the effectiveness of the Governance Framework are satisfied that the Council's governance and internal control arrangements are fit for purpose.

7 **Decision Information**

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000 <input type="checkbox"/></i> <i>Capital - £150,000 <input type="checkbox"/></i> <i>NEDDC: Revenue - £100,000</i> <i>Capital - £250,000</i> <i>* Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
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	Draft Annual Governance Statement 2017/18
2	Code of Corporate Governance (May 2017)
3	Assurance Schedule – Based upon CIPFA / SOLACE Guidance.
4	Memorandum to the Signatories of the Annual Governance Statement.
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 (BDC) or Executive (BDC) you must provide copies of the background papers)	
KPMG “Annual Audit Letter” Audit Committee Meeting November 2017 KPMG “Report to those Charged with Governance (ISA 260) 2016/17” Audit Committee Meeting July 2017 “Internal Audit Consortium Annual Report 2017/18” Audit Committee Meeting 16 May 2018	
Report Author	Contact Number
Dawn Clarke – Head of Finance & Resources	01246 217658

ANNUAL GOVERNANCE STATEMENT 2017/18

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. The 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, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and for 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 Framework 2016 edition*. This Statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015 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, together with those activities through which it accounts to, engages with and leads the local community. 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 throughout the year ended 31 March 2018 and up to the date of the approval of the 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. The Council complies with the Transparency Agenda and Freedom of Information obligations, with an appropriately qualified and experienced Data Protection Officer in post. 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 the provision of appropriate training, through regular review of the Service and Strategic Risk Register, 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 Officers and Elected Members, 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 meetings 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 performance against the Corporate Plan targets provided to Executive. The Council monitors progress against a range of targets which incorporate both national and local priorities. Performance Targets together with key operational priorities are set out within the Corporate Performance Management Framework which includes Service Plans and employee appraisals. 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. Unless specifically exempted by legislation, all reports to Committee and Scrutiny are available to residents on the website or in hard copy, 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 4 corporate aims which were set out within the Council's Corporate Plan for 2015 - 19 as follows:

- Our Key Aim : Unlocking our **Growth** Potential.
- Providing our **Customers** with Excellent Services.
- Supporting our **Communities** to be Healthier, Safer, Cleaner and Greener.
- Transforming our **Organisation**

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, which is achieved primarily by way of the preparation of this Annual Governance Statement. 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 Internal Audit Consortium Manager'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 2015. The Council is fully compliant with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The Council's Chief Financial Officer is professionally qualified, is a full member of the Strategic 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 Internal Audit Consortium Manager. 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. 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 Internal Audit Consortium Manager 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 Consortium Manager 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.

Internal 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 at addressing those areas where potential for improvement has been identified. These are submitted to the relevant officers within the Council who are required to implement 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 Internal Audit Consortium Manager is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisations framework of Governance, risk management and control.

In her opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2017/18. There are no qualifications to this opinion.

Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are a few areas where improvements are required. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

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 Strategic 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 2017/18 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 relation to Fire Safety checks, the housing owned by the Council does not contain any stock of 18 metres high or above.

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 actively participate in both the D2N2 Local Enterprise Partnership and in Sheffield City Region Combined Authority of which we are a non constituent member. 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 operating with a joint management team. 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

2016/17 Accounts. This letter which was reported to the Council meeting on 6th December 2017 gave an unqualified opinion in respect of both the published accounts and the Value for Money conclusion.

Significant Governance Issues

In the light of the above evidence it would seem reasonable to conclude that the Council has a robust system of internal control in place that has operated throughout the 2017/18 financial year. As part of the Annual Governance Statement, however, the Council is required to review its internal controls in order to identify those significant areas where it needs to improve its governance, performance and the management of services. A consideration of the reports raised by External Inspections, Peer Reviews and the Council's own self assessment of its current position in respect of those areas requiring improvement are as follows:

The issues where the Council is considered to be marginal in terms of meeting good practice are outlined in the table below.

With regard to the issues identified in the previous Annual Governance Statement (2016/17) the Council has continued to effectively manage its budget position. Concerns in respect of Transport Administration, Licensing, S106, social Media as identified by Internal Audit have been successfully resolved, while the position in respect of Health and Safety is improving. On the basis of the progress made in addressing the issues identified in the previous Annual Governance Statement it seems reasonable to conclude that the Council's current arrangements are effective in addressing governance and performance issues.

Issue Identified	Action to Address
1. 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 £1.8m over the next four 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 residents, and on the internal control environment.	The Council is currently developing a transformation programme which will include measures to deliver the efficiency gains necessary to operate within its underlying level of resources. This will include income generation and business re-design opportunities. The achievement of these efficiencies is monitored on a regular basis by Executive. While appropriate steps are being taken it needs to be recognised that the efficiency targets are challenging, in part are dependent upon partnership working and may require further reductions in staffing levels and budgets. In considering measures to maintain a robust financial position the Council needs to give careful consideration to the impact of such measures on services to local residents.

<p>Failure of the Local Plan to progress to submission stage and to be found sound at independent examination.</p>	<p>The Council is at an advanced stage in preparation of the Local Plan. Public consultation on the main document is due to take place in May 2018, with submission scheduled by the end of July.</p> <p>The Council has successfully avoided Government intervention in the plan-making process and it is important that the revised timetable continues to be met. Once submitted the Plan will be at examination and in the hands of the independent Inspector, with timescales largely outside of the Council's control. The greatest risk to any Plan at this stage is that it could be found to be unsound on a point of law, or it fails to demonstrate that it has been positively prepared and is justified. The Council has taken reasonable steps in the preparation of the Plan to ensure that it is based on sound evidence and meets procedural and legal requirements. This has included taking external legal advice and securing an advisory visit with the Planning Inspectorate.</p>
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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:

Councillor Ann Syrett
Leader of the Council
Date:

Daniel Swaine
Chief Executive
Date:

BOLSOVER DISTRICT COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

May 2018

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 2016 which replaced the previous guidance of 2012.

The CIPFA/SOLACE Framework (2016) identified seven principles of good corporate governance:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder agreement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

A key theme in the 2016 framework is that robust governance arrangements are a key factor in maintaining the reputation of both individual local Council's and of the wider reputation of local government as a sector. In short local government needs to ensure that it meets the highest standards and those governance arrangements are not only sound but are seen to be sound.

In the Appendix to this document, the Council's progress against each of these principles and their supporting framework is considered and assessed. This assessment helps inform the evaluation of the Council's Governance as set out within the 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 as an integral part of the process of preparing the Annual Governance Statement.

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 in 2012. The revised Framework built upon 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. The original revisions were then refreshed and updated in the CIPFA / SOLACE publication "Delivering Good Governance in Local Government – Framework" (2016)
- 1.6 In order to achieve good governance, the Framework requires 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 approach to corporate governance which is as follows:

"The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities."

“The Framework position the attainment of sustainable economic, societal, and environmental outcomes as a key focus of the governance processes and structures. Outcomes give the role of local government its meaning and importance.....Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.”

- 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.
- 2.3. One of the main themes of the 2016 arrangements is the increased emphasis on the fact that the Code of Governance and governance arrangements are locally determined. There is also a much greater emphasis on the shared values and the ethos which underpins the governance arrangements, rather than upon the policies and procedures which are the expressions of these values.

3 The Seven Principles

- 3.1 The CIPFA/SOLACE Framework (2016) defined seven core principles of good governance. These involve:
 - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - B. Ensuring openness and comprehensive stakeholder agreement.
 - C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - E. Developing the entity’s capacity including the capability of its leadership and the individuals within it.
 - F. Managing risks and performance through robust internal control and strong public financial management.
 - G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

It should be noted that Principles A and B permeate the implementation of Principles C to G.

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

4 Monitoring and Review

4.1 Authorities are required to test their governance structures and partnership arrangements against the principles contained in the Framework by:

- Reviewing existing governance arrangements
- Agreeing and keeping up to date the local code of governance, to incorporate measures that will ensure the maintenance of effectiveness
- On an annual basis to report publicly on compliance with their own code, detailing how they have monitored the effectiveness of their governance arrangements in the year together with any changes that are planned to ensure effective ongoing operation.

4.2 In accordance with the Code 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 and Governance Committee. The outcome of this review will inform and underpin the Council's Annual Governance Statement. The publication of the Annual Governance Statement meets the obligation set out within the Accounts and Regulations 2015 requiring the Council to publish alongside its accounts an Annual Governance Statement.

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.
- 4.3. The outcome of the Annual Review undertaken as at May 2018 in respect of the 2017/18 financial year is set out in Appendix 1 to this Code. The criteria set out in the Appendix were taken from "Delivering Good Governance in Local Government: Framework (2016 Edition)". The Appendix extracts from the guidance a set of tables which set out the key elements of good governance policies and procedures and behaviours. Arrangements at the Council have been benchmarked against these standards. While a limited number of areas have been identified as requiring improvement it would seem reasonable to conclude that the Council's arrangements are robust. Those issues which have been identified will be

addressed either through the Council's Performance Management arrangements, or by way of the Key Issues of Financial Governance report to the Audit Committee.

Having been first considered by the Audit Committee, this Code of Corporate Governance has been signed on behalf of the Council by the Leader of the Council and the Chief Executive.

Councillor Ann Syrett
Leader of the Council

Dan Swaine
Chief Executive

Date: May 2018

HOW THE COUNCIL MEETS THE SEVEN PRINCIPLES

The tables given below are again extracted from the CIPFA / SOLACE publication “Delivering Good Governance in Local Government: Framework (2016 Edition), together with additional material provided in the associated guidance manual. The first column of the table sets out the requirements as stated in the Framework. The second column sets out the position at BDC and provides a summary of the evidence that supports the general overview position which is that the arrangements currently operating at BDC are fit for purpose. Within the guidance notes details are provided of the type of evidence that is considered necessary in order to demonstrate that appropriate arrangements are in place, and consideration has been given as to whether the arrangements at BDC are consistent with those outlined in the guidance.

PRINCIPLES OF GOOD GOVERNANCE IN LOCAL GOVERNMENT

- 6.4** The core principles and sub-principles of good governance set out in the table below are taken from the International Framework. In turn they have been interpreted for a local government context.

Core principles (shown in bold)

Acting in the public interest requires a commitment to and effective arrangements for:

Sub-principles (shown in bold)

Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Demonstrating strong commitment to ethical values**Behaving with Integrity**

Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation

Position at BDC

The Constitution, the Member and Officer Code of Conduct, the Whistleblowing, Anti-Fraud Strategy, etc all work together to provide an organisational and operational framework, which sets out clear expectations and standards regarding what constitutes acceptable behaviour. The Council's Constitution together with its values clearly establishes an overriding requirement that our

	<p>actions are characterised by openness and accountability.</p> <p>While there is good awareness of the Code of Conduct it is not considered necessary that individuals sign off that they are compliant with the Code. Inductions cover the standards of behaviour expected.</p> <p>Performance Appraisals are an established routine part of the Council's Performance Management systems.</p>
Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	<p>See above. The Council has an active Standards and Audit Committee, Council meetings, Scrutiny and Member development Programme all of which help ensure effective engagement with the values of the Council. Arrangements at Member level are mirrored at Officer level with Codes of Conduct, training and Members and senior officers establishing the tone and standards of the organisation. These standards are expected to apply and are monitored when working with the community and partners.</p>
Leading by example and using the above standard operating principles or values as a framework for decision making and other actions	<p>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 Cabinet reports the quality assurance process is the Chief Executive, Directors and Monitoring Officer, while for Delegated Decisions the originating officer and the responsible Director, the CFO and the Monitoring Officer need to ensure that the decision has been appropriately taken, that appropriate advice has been incorporated and consultation undertaken. All decision-making committees are appropriately minuted setting out the criteria, rationale and considerations on which decisions are based. Where appropriate Delegated Decisions are formally recorded and published.</p> <p>All meetings include a formal requirement to declare at the outset any interests and to leave the meeting whilst items involving a potential conflict of interest are considered.</p> <p>The Corporate Plan which was the subject of significant levels of Consultation / Participation provides shared values which guide decision making. All Committee reports are referenced against Corporate Plan priorities.</p> <p>The Council has an active Standards Committee which meets on a quarterly basis.</p>

Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<p>The Council has Anti Fraud and Corruption Policies with the principle of 'zero tolerance' being adhered to where fraud is identified. The Council maintains up to date registers of interests, gifts and hospitality in respect of both Members and Employees. Whistleblowing policies are in place and actively promoted covering both Members / Employees / third parties. A complaints policy / procedure is in place which records action in respect of both service issues and behaviour. Where appropriate complaints are used to drive service improvement. Codes of Conduct require interests to be declared and these are recorded in Committee minutes.</p>
Demonstrating Strong Commitment to ethical values.	
Seeking to establish, monitor and maintain the organisation's ethical standards and performance.	This is covered by the remit of the Standards Committee. The Council has a strong 'ethos' of ethical standards which should help ensure effective ethical compliance at governing body level.
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.	See above. Expectations regarding behaviour and values are made clear in Committee reports and meetings.
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	The Employee appraisal considers behavioural issues, whilst person specification includes consideration of 'behaviour' as well as 'technical' qualification.
Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation	<p>The Council has a Procurement Strategy which requires that our ethical standards are applied to the procurement of goods and services from third parties. This approach is secured through appropriate clauses within our contracts.</p> <p>One of the criteria that is 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. The Council has appropriate staffing and procedures to manage these arrangements effectively.</p>

Respecting the rule of law	
Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	The culture of the Council is based upon a commitment to operating within the context of the prevailing statutory and regulatory framework. This is set out within the Constitution. All reports contain a section detailing legal implications, the monitoring officer is a qualified lawyer, all officers are appropriately selected and trained to undermine their duties in line with the legal and best practice framework.
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	See above
Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	The Council is an outward looking organisation aware of the opportunities open to it with a challenging Corporate Plan to deliver. Agreement to objectives, projects, plans and targets is reached with the context of a developed understanding of the legal and best practice framework.
Dealing with breaches of legal and regulatory provisions effectively	The Council has appropriately qualified statutory officers in place supported by suitably qualified and experienced officers. Where necessary external advice is sought. The Council seeks to operate a 'no blame' culture where disclosure of potential error is encouraged.
Ensuring corruption and misuse of power are dealt with effectively	The Council has a range of policies in place which promote positive behaviour whilst also ensure that effective sanctions are available to deal with breach effectively. Where necessary the Council will refer issues to external agencies such as the Police / DWP.

B. Ensuring openness and comprehensive stakeholder engagement. Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Openness

Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.	The authority works to minimise the number of decisions taken in private session, complies fully with the Transparency Agenda
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	and provides comprehensive information on the website.
Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	See above. In addition reports to Committee are comprehensive and the Council seeks to provide robust information on which to base every decision.
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	See above. All reports are based upon a pro forma document which covers a range of issues including legal, finance, risk, equalities, HR, Data Protection. All reports are agreed by the three statutory officers to help ensure professional standards are maintained.
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	The Council has a range of mechanisms for consultation which are set out in our Consultation Policy. Forums for engaging citizens include Public Meetings, Tenants Forums, reviewing individual complaints etc. The Council actively encourages engagement by members of the Community in through the website, by the Engagement Plan and the Single Equalities Scheme.

Engaging comprehensively with institutional stakeholders NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	The Council has a Communications Strategy in place utilising the website, "In Touch" Civic newspaper, and encouraging other media coverage.
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	The Council has a place a well resourced Partnership Team with a robust local network of organisations which helps co-ordinate a range of interventions across the District.
Ensuring that partnerships are based on: – trust – a shared commitment to change – a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	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.

Engaging with individual citizens and service users effectively

Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcome	The Council has well established Communications and Consultation strategies, with all reports detailing the Consultation that has been undertaken. In addition to structured consultations the Council gives careful consideration to complaints and other feedback to understand whether there are emerging trends which need to be addressed.
Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	See above.
Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	The Council has in place a wide range of engagement mechanisms including public meetings, Scrutiny Reviews, web based consultation and engaging with difficult to reach groups including young people. These are supported by targeted surveys, questionnaires and focus groups. The Council has in place appropriate policies in respect of Equality and Diversity to help ensure that it adheres to good practice in this area.
Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account	The outcome of consultation exercises is reported appropriately to Members to ensure that consultation informs service delivery and the decision making process.
Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	The Council's Communication and Engagement Strategy are delivered by experienced Officers who work to ensure a balanced and inclusive approach.
Taking account of the impact of decisions on future generations of tax payers and service user	All decisions are reached on the basis of detailed reports which take into account both service delivery issues together with the financial implications of any new initiatives.

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for: Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups

of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

Defining Outcomes	Position at BDC
Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.	The Council has a Corporate Plan in place covering the period 2015-19 which sets out the key objective and priorities. Progress in delivering the Plan is managed through the Performance Management Framework, with outcomes reported in the Annual Report.
Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	These are set out in the Corporate and in the individual Service plans. Where appropriate new initiatives are detailed within Committee reports.
Delivering defined outcomes on a sustainable basis within the resources that will be available	See above.
Identifying and managing risks to the achievement of outcomes	The Council has a robust Risk Management Framework in place with covers both Strategic and Service risks and is linked to the Performance Framework. The format of Committee reports ensure that issues of Risk are integral to the decision making process.
Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	The Council sets out clear standards within its Service Plan which takes customer expectations into account alongside the availability of resources.

Sustainable economic, social and environmental benefits

Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	The Council has a balanced approach to considering financial and service delivery issues when planning new initiatives. While the position re financial resources is challenging the Council takes an Invest to Save approach in respect of its major investments.
Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraint	Investment and other decisions are taken on the basis of robust reports which cover service delivery, environmental factors, impact on local community and workforce and risk.
Determining the wider public interest associated with balancing conflicting interests between achieving the various	See above

economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	
Ensuring fair access to services	The Council has a firm commitment to equality of access, with the commitment being set out in a range of formal policies.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Determining Interventions	Position at BDC
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided	Comprehensive reports are provided setting out both recommended options, together with those options which have been considered and rejected. Risk analysis seeks to mitigate against failure to achieve agreed objectives.
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impact	The Council has appropriate Consultation and Complaints mechanism, etc to help ensure that it remains aware of evolving priorities amongst local residents. These inform the Corporate Plan, Service Plans and the Council's Medium Term Financial Plan.

Planning Interventions

Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	The Council's Performance Management Framework establishes key timescales which reflect statutory and best practice requirements where appropriate.
Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Communication and Consultation Strategies (see above)

Considering and monitoring risks facing each partner when working collaboratively, including shared risks	Partnership and Risk arrangements are reviewed on a regular basis within the Service, Strategic and Partnership Risk Registers.
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances	The Performance Management framework ensures services are operated within the context of regular review, so that adaptation can be made to evolving circumstances.
Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	These are set out in Corporate and Service Plans and monitored through the Performance Management Framework.
Ensuring capacity exists to generate the information required to review service quality regularly	The Council has appropriate staffing structures in place and has maintained the quality of reporting and Performance management.
Preparing budgets in accordance with objectives, strategies and the medium term financial plan	The MTFP is linked to the Corporate and Service Plans to ensure that service budgets are adequate to deliver agreed service levels.
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	The Council's MTFP operates on the basis of a 4 year planning period which ensures that the Council is making decisions based upon the longer term available of funding.

Optimising achievement of intended outcomes

Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	THE MTFP and the Service Planning process are effectively integrated helping facilitate joined up service and resource planning.
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	See above. Also the Council has appropriately qualified and experienced officers in both service and finance functions which helps ensure that decisions are taken on the grounds of robust information.
Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	See above
Ensuring the achievement of 'social value' through service planning and commissioning	Service Plans and the Procurement Strategy both give appropriate weight to social value

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Developing the entity's capacity	Position at BDC
Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	The Council refreshes its Corporate and Service Plans together with the Performance Framework on an annual basis. The Council has an up to date Asset Management Plan in place which informs the Capital Programme.
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	The Council has continued to secure efficiency savings in its services in order to offset the ongoing reduction in the level of Government Grant. Efficiency savings are targeted from those services which have a relatively high cost base.
Recognising the benefits of partnerships and collaborative working where added value can be achieved	The Council actively enters into and participates in partnerships where these secure cost efficiencies or protect the quality of services eg the Strategic Alliance.
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	The Council has a Staffing Establishment which is reviewed on a regular basis. The Pay Policy, Learning and Development Plan and related strategies ensure that the workforce is effectively managed as part of the strategic allocation of resources. While the Council is unlikely to continue participation in the IIP Accreditation system it was assessed as operating at a silver level at inspection in the autumn of 2015.
Developing the capability of the entity's leadership and other individuals	
Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	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. Roles and Responsibilities are defined in the Council's Constitution and in Job Descriptions.
Publishing a statement that specifies the types of decisions that are delegated and	This is set out in the Council's Constitution which reflects recognised good practice.

those reserved for the collective decision making of the governing body	
Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Roles and Responsibilities are defined in the Council's Constitution and in Job Descriptions.
Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: – ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged – ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis – ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external	<p>The Council is outward looking and participates in appropriate regional and national meetings / events. Locally it has effective partnership working / discussions across both public and private sector. Members and Officers attend appropriate awareness / training events. This participation ensures that the Council is up to date concerning legislative change, etc.</p> <p>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 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, and other mechanisms. For Members an induction process is provided after District Council elections, Members have the option of participating in a training needs survey which identifies individual needs and a range of corporate training/awareness/development activities are undertaken on an ongoing basis overseen by the Members Development Working Group.</p>
Ensuring that there are structures in place to encourage public participation	The Council continues to develop its services to customers through effective consultation, communication and establishment of clear service standards. The Council's website and related printed material set out the opportunities for local people seeking to participate.

Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	The Executive is responsible for overseeing the delivery of Council services and is held to account by the Council, by Scrutiny, by Audit and Standards Committee. Alongside internal challenge there is a wider public challenge including the media, complaints, partner organisations.
Holding staff to account through regular performance reviews which take account of training or development needs	Employees are formally appraised supplemented by 1 to 1's which incorporates an assessment of performance and training requirements. These are developed into a corporate training plan. Members are provided with appropriate training opportunities under the direction of the Member Development Working Group.
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	The Council has an appropriately staffed and qualified HR team, together with a range of policies to promote employee wellbeing as part of maintaining a productive workforce.

F. Managing risks and performance through robust internal control and strong public financial management Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Managing Risk

Position at BDC

Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	The Council has in place a Risk Management Strategy, supported by regular reporting, training, etc which support a culture of effective risk management including appropriate consideration of risk in decision making.
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	The Council's arrangements cover both Strategic and Operational risk. Regular reporting to both Cabinet and Audit Committee, together with Internal Audit review are designed to ensure and

	demonstrate effective arrangements are in place.
Ensuring that responsibilities for managing individual risks are clearly allocated	Following a recent Internal Audit report the allocation of responsibilities for managing risks in Service Risk Plans will be strengthened.
Managing Performance	Position at BDC
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	The Council has a robust performance management system including service and financial targets which is monitored on a regular basis. Where organisational change arises service plans, performance targets and financial provision are amended accordingly. This ensures that organisational change delivers against the identified benefits.
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	The Council has a robust reporting system which requires that all reports cover relevant issues (risk, legality etc). These are agreed by the Statutory Officers and relevant Members of the management team before progressing to Committee.
Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible	The functioning of Scrutiny is well established and operating effectively supported by a specialist independent officer. These arrangements and the effective engagement of other Members and Officers of the Council help ensure that Scrutiny's analysis and recommendation are supported by robust evidence, data and critical analysis. Where appropriate Scrutiny reports are referred to Cabinet for its consideration. All Scrutiny Committees provide an annual report to Council.
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	The Council's Performance Management Framework covering Performance, Finance and Risk generates formal reports on a quarterly basis, which are discussed with responsible Portfolio Members and senior managers prior to publication.
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	The Council has appropriate reporting arrangements in place which are quality assured by the Audit Committee and by Internal and External Audit.

Robust internal control**Position at BDC**

Aligning the risk management strategy and policies on internal control with achieving objectives	The Risk Management Strategy is supported by a risk based Internal Audit Plan and working arrangements.
Evaluating and monitoring risk management and internal control on a regular basis	The Risk Management Strategy is subject to regular update, and is reported on a quarterly basis. The Council ensures that Internal Control arrangements are monitored and amended in the light of changed systems or issues being highlighted. Both are subject to independent review and assurance from Internal Audit.
Ensuring effective counter fraud and anti-corruption arrangements are in place	The Council has up to date policies and arrangements in place to minimise the risk / impact of fraud. These are reviewed by Internal Audit and reported to Audit Committee on a regular basis.
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	The Council has a well established audit team, which works to an agreed audit plan. During 2017/18 the service was independently reviewed and found to be operating well and fully compliant with professional standards. The work of the Internal Audit team is overseen by the Audit Committee.
Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon	The Council has a well established Audit Committee in place, which includes a number of senior elected members. It reviews its effectiveness on an Annual basis to ensure that it is operating in line with both its remit under the Constitution and with best practice as set out in CIPFA guidance.

Managing data**Position at BDC**

Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	The Council has in place robust data protection policies and arrangements including effective reporting of breaches. Appropriately trained staff are in place supported by a designated data protection officer who is a Member of the Senior Management Team.
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Where data is shared with other authorities it is subject to appropriate

	formal data sharing / processing arrangements.
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Data is subject to ongoing scrutiny by Elected Members and Senior Management as part of the process of reporting Performance. Independent assurance is provided by Internal Audit as part of the Audit Plan.

Strong public financial management

Position at BDC

Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	The Council has robust financial management arrangements covering financial planning, budget monitoring, project appraisal and financial reporting. The arrangements have ensured that the Council has continued to deliver a balanced budget and have been subject to independent review by internal audit. The Council has continued to receive a positive assessment of its Statement of Accounts from external audit.
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	See above. The Council's financial management arrangements continue to receive positive assessments from Internal Audit, whilst financial risks are reported as part of the budget development and monitoring process.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Implementing good practice in transparency

Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	The Council makes all reports available on the website and in paper format upon request. Officers seek to ensure that all reports are comprehensive and understandable to the reader. The Council is fully compliant with the Transparency Agenda.
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too	The Council provides the full range of Statements and reports which are required by statute, or recognised good practice. Where further information is

onerous to provide and for users to understand.	required this can be requested by local residents.
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Implementing good practices in reporting Position at BDC

Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way	The Council produces Annual Accounts and an Annual Report. These supplement the range of information provided during the course of the year.
Ensuring members and senior management own the results reported	All reports are provide to full Council, to Cabinet and to the Audit Committee as appropriate.
Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)	The position will be reported to Audit Committee prior to the publication of the AGS. The report to Audit Committee is considered by Portfolio Members and by senior officers including Scrutiny, Governance, Performance, Finance and Internal Audit.
Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate	The Council's Performance Management Framework and governance principles are applied to all organisations with which the Council has a significant involvement or partnership working arrangements.
Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations	The Council follows best practice guidance which helps ensure that the format and information is readily comparable against that of other organisations.

Assurance and effective accountability Position at BDC

Ensuring that recommendations for corrective action made by external audit are acted upon	These are reported to the Audit Committee, together with an Action Plan for resolving. Progress in addressing more significant recommendations will be maintained by including within the standing item on the Audit Committee Agenda the "Key Issue of Financial Governance Report".
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with	The effectiveness of internal audit is assessed on an annual basis with the assessment being subject to the

regard to governance arrangements and that recommendations are acted upon	agreement of the Audit Committee. The Council is fully compliant with all aspects of the CIPFA Statement on “The Role of the Head of Internal Audit.”
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	The Council has actively supported peer review where appropriate and the outcome of all external inspection will be considered by the Council in order to address any agreed deficiencies.
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	The Council monitors the risks on delivering services by way of third parties, including such risks within service plans and the corporate report concerned with Risk and Partnership working. Managerial arrangements with partnerships are risk based, and with those where the risk of service disruption is minimal monitoring is of necessity ‘light touch’ with reliance being placed upon the partner organisations governance arrangements.
Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.	The Council only enters into partnerships where the partner organisations shares the Council’s ethos and has appropriate governance arrangements in place to ensure accountability.

ASSURANCE SCHEDULE: EXTRACTED FROM “DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK “ – CHAPTER 6 - The principles of good governance – application.

This Appendix utilises extracts from key elements of the CIPFA / SOLACE document “Delivering \ Good Governance in Local Government Framework” (2016) in order to show how the council complies with the requirements of good practice and the evidence which is available to support the statements made within the Annual Governance Statement. It should be noted that the revised 2016 framework places increased emphasis on culture, values and behaviour where it is more problematic – than in the case of processes and procedures - to provide evidence that appropriate cultures and behaviours are in place. The Audit Committee therefore needs to consider both the specific processes evidenced within this document together with the issue of whether the underlying culture, values and behaviour of the Council remain in line with the standards championed by the CIPFA / SOLACE document.

Extracts from the Code itself are shown in *Italics* in the section below:

The annual governance statement should be focused on outcomes and value for money and relate to the authority’s vision for the area. It should provide an assessment of the effectiveness of the authority’s governance arrangements in supporting the planned outcomes – not simply a description of them. Key elements of an authority’s governance arrangements are summarised in the next section.

7.5 The annual governance statement should include:

- *an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority’s code of governance*

Position at BDC: This is set out within the opening paragraph to the AGS, with paragraph 3 making appropriate reference to the Code of Governance.

- *reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the executive, the audit committee, internal audit and others as appropriate*

Position at BDC: The third section of the AGS sets out “The Governance Framework” which addresses the issues identified above. This is followed by a section which undertakes a review of the effectiveness of the current arrangements.

- *an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework*

Position at BDC: Immediately following on from the section concerned with the “Review of Effectiveness” which provides approaching three pages of conclusions arising from the review the Annual Governance Statement concludes: “In the light of the above evidence it would seem reasonable to conclude that the Council has a robust system of internal control in place that has operated throughout the 2017/18 financial year.” The AGS also highlights the areas of significant weakness which whilst requiring addressing as a matter of priority are not of such a scale as to undermine the view that the Council’s Governance Arrangements remain ‘fit for purpose’. This Appendix together with the Code of Corporate Governance provides a more detailed assessment of the manner in which the Council’s governance structures and partnership arrangements meet the principles set out within the CIPFA / SOLACE framework.

- *an agreed action plan showing actions taken, or proposed, to deal with significant governance issues*

Position at BDC: The Action Plan is set out at the end of the Annual Governance Statement. During the 2017/18 financial year the Council has addressed the issues identified within the AGS in respect of 2016/17 (agreed May 2017). The further issues that have been identified during the course of this year are set out in the Action Plan in respect of 2017/18 and these will be managed as part of the Council’s Performance Management Framework which monitors progress in addressing both the Council’s Approved Budget and in the implementation of Internal Audit recommendations. This performance monitoring / management covers all of the issues identified within the draft 2017/18 AGS which appears as Appendix 1 within this report. In addition this Audit Committee receives as a standing item a report concerned with Key Issues of Financial Governance. This report – which is subject to formal approval – tracks all of the issues raised within the AGS on a regular basis.

- *reference to how issues raised in the previous year’s annual governance statement have been resolved*

Position at BDC: See above. In addition the requirement to ensure that the Council’s budgets are balanced on an on-going basis has featured within the Council’s AGS for a number of years. While the Council continues to meet this requirement on an annual basis it does need to be recognised that given the continuation of the Government’s ‘austerity agenda’ this requirement is likely to continue to constitute a key target for all local authorities for the foreseeable future. The Council is well aware of the links between effective financial management and good quality service provision and understands that a failure to effectively manage the financial position will invariably have an adverse impact upon local residents.

- *conclusion – a commitment to monitoring implementation as part of the next annual review.*

Position at BDC: The final paragraph of the AGS provides a clear statement of commitment from the political leadership and Chief Executive both to address the issues that have been identified and to take action to ensure that further improvements in the Council’s Governance arrangements are secured. These

commitments will be actioned through the operation of the Council's Performance Management Framework which continues to operate in an effective manner.

- 7.6** *The annual governance statement should be signed by the leading member (or equivalent) and chief executive (or equivalent) on behalf of the authority.*

Position at BDC: The Council is fully compliant with this requirement.

- 7.7** *The annual governance statement should be approved at a meeting of the authority or delegated committee (in Scotland, the authority or a committee with a remit including audit or governance).*

Position at BDC: The Council's Constitution sets out the role of the Audit Committee in the approval of the AGS on behalf of the Council.

Local authorities are required to include the annual governance statement with their statement of accounts. As the annual governance statement provides a commentary on all aspects of the authority's performance, it is appropriate for it to be published, either in full or as a summary, in the annual report, where one is published. It is important that it is kept up to date at time of publication.

Position at BDC: The AGS is published along with the Statement of Accounts. It is planned that in respect of 2017/18 reference to the AGS together with a summary of and link to the Code of Governance will be included within the Annual Report so that stakeholders are aware of these core documents.

Key elements of the structures and processes that comprise an authority's governance arrangements are summarised below. They do not need to be described in detail in the annual governance statement if they are already easily accessible by the public, for example through the authority's code of governance.

Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistle blowing and conflicts of interest and that these codes and policies are communicated effectively.

Position at BDC: The Council has both a Member and an Employee Code of Conduct. These are supported by a range of other policies / procedures which reflect best practice across the local government sector.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Position at BDC: The Council has a qualified lawyer supported by an appropriately qualified legal team who undertakes the role of monitoring officer. All other Officers are appropriately qualified, trained and experienced to undertake their role and responsibilities in line with current legislation and recognised good practice. The Council has a formal appraisal process in place, supported by a training plan and appropriate funding to ensure that all officers retain / refresh the necessary levels of expertise in order to discharge their responsibilities effectively. All reports / new initiatives are subject to formal consideration by Council / Cabinet as appropriate and prior to being considered by Members they are reviewed by the Council's three statutory officers (Head of Paid Service, Monitoring Officer, Chief Financial Officer).

Documenting a commitment to openness and acting in the public interest.

Position at BDC: This is set out within the Council's Constitution:

"The job of a Councillor is to represent you even if you did not vote for them.....Councillors have a Code of Conduct to make sure they follow high standards in the way they carry out their role. There is a Standards Committee which trains, advises and deals with complaints against Councillors alleging that they have breached the Code of Conduct.

Article 1 of the Constitution sets out the following core principles

"(a) Mission.

The Council will seek to make a difference by building thriving communities through partnership, community leadership and excellent service delivery.

(b) Values

The Council will follow these values:-

- (i) We are honest, open and accountable.
- (ii) We value people's differences and we will treat everybody fairly and with respect.
- (iii) We listen, involve and respond to all our communities.
- (iv) We always look for new and better ways of working to improve quality and value.

The position as set out within the Constitution is supported by the Code of Corporate Governance which 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.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Position at BDC: The Council actively encourages consultation with the local community by way of information / opportunities to comment on the website, through the Citizens Panel, Disabled People's Joint Consultative Group, Postal and On line surveys, access to local Councillors and holding all meetings in public session. The Council has a formal Consultation Policy along with an Engagement Plan which includes a structured plan concerning how the Council will ensure effective engagement with residents, customers and businesses regarding our services and functions.

Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

Position at BDC: These are set out within the Council's Corporate Plan which covers the period 2015/19. This Plan is on the Council's website and is linked to a range of service plans and the Council's Performance Management Framework to help ensure that the

agreed strategic direction informs the Council's actions and in particular its service delivery.

Translating the vision into courses of action for the authority, its partnerships and collaborations.

See above.

Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

Position at BDC: The Council conducts an ongoing review of its Constitution to ensure that it remains fit for purpose and in line with evolving best practice across the local government sector.

Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.

Position at BDC: The Council has a robust Performance Management Framework which helps ensure that the Council's Service Plans and delivery are linked into the Council's wider strategic objectives, whilst delivering services that meet our statutory obligations and the expectations of our residents.

Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.

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. The Constitution which reflects best practice incorporates a scheme of delegation, and sets out the roles, powers and limits upon the power of individual officers and Members.

Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) or CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable (2014) as appropriate and, where they do not, explain why and how they deliver the same impact.

Position at BDC: The Council is fully compliant with the requirements on the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) with a professionally qualified CFO reporting directly to the Chief Executive, who is a full member of the Corporate Management Team and is supported by appropriately qualified and experienced staff.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function.

Position at BDC: The Monitoring Officer is a fully qualified solicitor, reports directly to the Chief Executive, is a full member of the Corporate Management Team and is supported by appropriately qualified and experienced staff.

Ensuring effective arrangements are in place for the discharge of the head of paid service function.

Position at BDC: The Head of Paid Service is an appropriately qualified and experienced officer appointed as a result of a competitive selection process.

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

Position at BDC: There is an induction process for both newly Elected Members and for officer appointments. The Council has a structured Member Development Programme with a Member Development Working Group which meets on a regular basis. All officers are subject to a structured appraisal process which identifies training and development requirements, which where necessary to effectively undertake their role are funded by the Council. Professionally Qualified officers are required / supported to actively participate in the CPD arrangements of their professional body.

Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.

Position at BDC: The Council has in place a well established Performance Management Framework which incorporates Performance, Finance and Risk. This results in formal reports on a quarterly basis to Cabinet and to Audit Committee which are used to report on and address any issues of concern. These are open reports available on the website. Independent review is provided by Internal Audit, with the Annual Governance Statement providing a comprehensive evaluation.

Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

Position at BDC: The Council has in place and Anti Fraud and Corruption Policy updated on a regular basis which has a core principle of Zero tolerance of fraud. The Audit Committee receives regular updates concerning fraud including an annual report from the Head of Internal Audit which assesses the arrangements against a checklist provided within the "Fighting Fraud and Corruption Locally" publication. This assessment was considered by the Audit Committee at its meeting of 21st September 2016. Where required the Council will take action against those who breach the Council's approach of zero tolerance including reporting concerns to the Police, the Department of Work and Pensions, or directly through its own employee codes of conduct.

Ensuring an effective scrutiny function is in place.

Position at BDC: The functioning of Scrutiny is well established and operating effectively supported by a dedicated specialist independent officer. These arrangements and the

effective engagement of other Members and Officers of the Council help ensure that Scrutiny's analysis and recommendation are supported by robust evidence, data and critical analysis. Where appropriate Scrutiny reports are referred to Cabinet for its consideration. All Scrutiny meetings have agendas, reports and minutes on the Council's website.

Ensuring that 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.

Position at BDC: The Council is fully compliant with the requirements of the CIPFA Statement. The Internal Audit Consortium Manager is professionally qualified, suitably experienced, reports on a regular basis to the Audit Committee, with unrestricted access to elected members and management. The Chief Financial Officer prepares on an Annual basis an "Annual Review of the Effectiveness of Internal Audit".

Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013).

Position at BDC: The Audit Committee undertakes a self assessment of its own performance against best practice covering both the areas of work considered by the Committee, together with its powers in the Constitution and the effectiveness of the Committee in securing improved outcomes. The self assessment concluded that the Audit Committee was undertaking the role of an Audit Committee in an effective manner.

Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

Position at BDC: All reports of the External Auditor are given appropriate consideration by the Audit Committee, which requires that recommendations are implemented by Council officers. Significant external – and internal – audit recommendations are placed on the Key Issues on Financial Governance report which is a standing item on the Audit Agenda. The reports taken by the External Auditor to the Audit Committee continue to acknowledge the active co-operation of Council staff with the work of External Audit.

Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.

Position at BDC: The Council manages its partnerships through the Partnership Team located in the Growth Directorate, whilst the Strategic Partnerships with the Derbyshire and Sheffield economic regions, the Strategic Alliance and other Joint Working are handled through a range of governance arrangements in which both Elected Members and Officers play an active role. Reports to Cabinet and Council set out progress in each of the key partnerships and help ensure that managerial arrangements remain robust.

APPENDIX 4

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 2015 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 of the relevant legislation, 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 considered the current policies and procedures in place at the Council against the good practice guidance issues by CIPFA / SOLACE and have concluded that the Council’s arrangements are fit for purpose when benchmarked against these criteria
- We have considered all of the findings or outcomes of the reports presented by the Audit Commission and 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 with significant risk attached 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 the Head of Finance & Resources (S151 Officer) and has been commented on by senior Council Officers.
- The contents of the Governance Statement have been agreed with the Strategic Alliance Management team.
- Portfolio Members of the Cabinet have been provided with the opportunity to comment.
- The statement was agreed by the Council’s Audit Committee at its meeting of 16th May 2018.

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.

Duncan McGregor
Chair of the Audit Committee

Dawn Clarke
Chief Financial Officer

Sarah Sternberg
Monitoring Officer