ANNUAL GOVERNANCE STATEMENT 2018-19

1. SCOPE OF RESPONSIBILITY

1.1. Guildford Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards and that public money is safeguarded, 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.

1.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs to facilitate the effective exercise of its functions, including arrangements for the management of risk.

1.3. The Council has considered the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016, including compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016) in the preparation of this statement.

1.4. This statement explains how the Council has complied with the code and meets the requirements of regulation 4 of the Accounts and Audit Regulations 2015 in relation to internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the 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.

2.2 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 the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.

2.3 The governance framework has been in place for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

3. GOVERNANCE FRAMEWORK

3.1 The Council is a complex organisation with an appropriately comprehensive governance framework that works in a dynamic environment and keeps its processes under constant review. A description of how the Council puts the principles of good governance, set out in the CIPFA/SOLACE code into practice is set out in the following table along with recent achievements, developments and areas for improvement.

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	• Council's constitution, includes:
	  ▪ codes of conduct for Councillors and Officers
	  ▪ financial and procurement procedure rules
	  ▪ protocol on decision making by lead councillors
	  ▪ Council procedure rules for conduct at meetings
	  ▪ Officer/Councillor protocol
	  ▪ local code of practice for probity in planning
	  ▪ arrangements for dealing with allegations of misconduct
	  ▪ Briefing note for Councillors acting in private capacity
	• Induction for new members and staff on standard of behaviour expected
	• Staff performance framework includes behavioural framework & behaviour profiles are included within job descriptions
	• Regular staff performance review in place
	• Declarations of interest made at meetings
	• Register of interests maintained
	• Register of gifts and hospitality maintained for Councillors and staff
	• Police protocol for referral of complaints
	• Anti-Fraud and Corruption Strategy
	• Anti-Bribery Policy
	• Whistle blowing policy
		Review of codes of conduct started in 2018-19 with a view to report to Council in July 2019
		
		Procurement arrangements have been reviewed during 2018-19 following the appointment of a new monitoring officer and procurement manager. The Corporate Procurement Board (which has replaced the former corporate procurement advisory panel) has been established.

	• Officer corporate governance group to monitor compliance with laws and council policies	
	• Officer health and safety group in place to monitor health and safety compliance	
	• Complaints policy in place	
	• Customer services manager monitors and regularly reports on complaints performance to corporate management team	
	• Corporate Governance and Standards Committee (CG&SC) in place whose remit is set out within the constitution	
	• Overview and Scrutiny Committee (O&SC) review of decision making	
	• Procurement strategy, policy and toolkit in place	
	• An officer Corporate Procurement Board (CPB) monitors compliance with the procurement strategy and policy	
	• All committee reports to Executive and Council require review of legal and financial implications to be completed and signed off by Monitoring Officer (MO) or Chief Financial Officer (CFO)	
	• Executive advisory boards in place to advise Executive on topics	
	• Monitoring Officer provisions in place	
B. Ensuring openness and comprehensive stakeholder engagement	• The Councils vision and priorities are set out in the corporate plan	The Council does not currently publish all FOI responses on its website
	• Consultation policy and community engagement strategy in place which adheres to consultation standards	
	• Freedom of Information Act performance monitored by corporate management team and CG&SC	*FOI performance continues to improve*
	• Online council tax information published	
	• Transparency information published on website	
	• Records of decision making maintained	

	• Protocol on decision making within the Council's constitution	
	• Report templates include the requirement that all committee reports to Executive and Council require review legal and financial implications to be completed and signed off by the MO and CFO	*During 2018, we adopted a new corporate plan.*
	• Forward programme of committee meeting dates and agenda items published on-line with reporting dates adhered to	
	• Citizens panel in place and regularly consulted with	
	• Active programme of focus groups and surveys undertaken for specific service initiatives	
	• Active use of social media and on-line tools to engage customers	
	• Regular council newsletter About Guildford issued quarterly	
	• Consultation responses published on the Council's website (e.g., local plan)	
	• Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships	
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits	• Corporate Plan 2018-2023 which sets out the Council's vision, key themes and priorities	*The Council launched a new transformation programme 'Future Guildford' during 2018-19, which was reported to and approved by Council in February 2019.*
	• Monitoring reports against the corporate plan reported to corporate management team	
	• Programme and project management system in place, captures project level risks and performance reporting	
	• Community engagement strategy	
	• Risk management policy and strategy in place	
	• Corporate risk register in place and monitored by corporate management team	

		• Financial risk register in place and used to inform the financial sustainability of the budget and adequacy of the level of reserves	
		• Monitoring of key performance indicators undertaken by corporate management team	
		• Business planning process and capital programme development aligned to the corporate plan, bids for funding scored against achievement of corporate plan priorities	
		• Transformation Programme in place including fundamental service reviews, overseen by the transformation board	
	D. Determining the interventions necessary to optimise the achievement of the intended outcomes	• Medium term financial strategy and plan in place, reviewed annually and published as part of the Council's budget book	*Service planning process was refreshed during 2018-19, co-ordinated by the Business Improvement Team.*
		• Business planning process in place to align financial resources with corporate plan priorities	Monitoring of service plan progress and KPIs at service level could still improve
		• Business planning guidance for managers in place and reviewed annually	
		• Scrutiny of the budget and business planning bids by Executive Advisory Board and Councillor working group	
		• Transformation programme in place including fundamental service reviews which include options appraisals for services	
		• Forward programme for committee decisions	
		• Regular corporate management team and Executive liaison meetings to discuss strategy held	
		• Directors and senior officers hold regular 1:1 meetings with Lead Councillors	
		• Corporate management team hold regular directorate level feedback sessions	
		• Senior Leaders group in place	
		• Transformation Board in place which monitors the transformation programme	

	• Major Projects Board in place to monitor the delivery of major projects	
	• Property review group in place to review all assets on a rolling programme and optimise property asset utilisation and performance	
	• Capital Programme Monitoring Group in place to monitor progress of capital projects which are not major projects	
	• Risk management protocol in place	
E. Developing capacity, including the capability of leadership and the individuals within it	• Organisational development framework includes continuous performance and development reviews of staff through one to one meetings and clear job descriptions with behavioural profiles.	Due to staff changes and senior management restructuring, the Monitoring Officer is not a member of corporate management team but does have regular 1:1 meetings with the Head of Paid Service and Chief Financial Officer and attends the Executive Liaison and Executive meetings.
	• Managing Director and Leader of the Council hold joint staff briefing sessions	
	• The constitution sets out the role of statutory officers and the role of the Leader	
	• The Council is compliant with CIPFA guidance on the Role of the Chief Financial Officer (CFO)	
	• Head of Paid Service (HoPS) and CFO are part of the corporate management team and always attend Executive-Management team liaison and full Executive meetings	
	• Professionally trained staff in relevant fields in place and continuing professional development encouraged as part of performance and development framework	
	• Regular staff development training programme in place	
	• Active support for staff to obtain external qualifications	
	• Scheme of delegation and financial procedure rules reviewed annually	
	• Councillor development steering group in place which develops and implements an active programme of Councillor training	
	• Achievement of the South East Charter accreditation for Elected Member Development	

	• Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships	
F. Managing Risks and performance through robust internal control and strong public financial management	• Risk management strategy and protocol in place approved by Corporate Governance and Standards Committee (CGSC) • Internal audit work programme informed by risks • Internal audit is fully resourced and effective • Compliance the CIPFA code on managing the risk of fraud and corruption • Corporate risk register regularly monitored by corporate management team • The Council uses IDEA software to interrogate data systems for audit and risk management purposes • Role of the overview and scrutiny committee is clearly set out in the constitution and its work programme is developed by the chairperson and officers. Agendas and minutes are published on line. • Regular MO and CFO meetings in place to address statutory responsibilities • Officer corporate governance group oversees key governance, data protection and risk management information and receives reports from the health and safety group • Role of the Corporate Governance and Standards Committee (CG&SC) is clearly set out in the constitution and has an active work programme informed by the officer corporate governance group and agreed by the chairperson. Agendas and minutes are published on line. • A summary of internal and external audit reports are reported to CG&SC • Progress against audit plan and individual audit recommendations are monitored and reported to CG&SC • Council has comprehensive data protection policies and a designated data protection officer who monitors compliance with legislation	*The Council made significant progress against the implementation of General Data Protection Regulations (GDPR) ahead of implementation. The progress against GDPR was monitored by the officer Corporate Governance Group and the Corporate Governance and Standards Committee.* The Council has not recently reviewed the role and performance of the CG&SC against CIPFA best practice *although previous reviews in relation to the old Audit Committee found the committee were compliant with best practice* Corporate Management Team does not regularly monitor corporate KPIs. However, the data is collected and monitored by Surrey Chief Executives Group quarterly.

	• Information security risk group, led by the Senior Information Risk Owner in place which reviews the Council's information governance procedures and any necessary improvements • CG&SC receive regular financial monitoring reports	
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability	• The Council published significant information on its website • 'Style guide' in place to encourage officers to write reports in plain English • Annual financial statements includes a narrative summary on the Council's performance during the year as well as reporting the financial position • Effective internal audit function in place which complies with public sector audit standards and the CIPFA statement on the Role of the Head of Internal Audit • Community engagement strategy in place	The council does not currently produce a formal annual report however, the CFO's Narrative Statement in the Council's Statement of Accounts reports the majority of information that an annual report would be expected to cover *In previous years we reported that an internal audit review of the Council's compliance with the requirements under the Local Government Transparency Code 2015 for the publication of data, which the code mandates 'must be published' had given limited assurance that the Council was compliant. As of December 2018, the Council believes is it now largely compliant with the transparency code 2015 and this was confirmed as part of the follow up audit*

		undertaken in summer 2018

4. REVIEW OF EFFECTIVENESS

4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

4.2. Internal Audit has conducted an ongoing review of the Council's Corporate Governance processes and carried out audits according to the annual Audit Plan, which was approved by the Corporate Management Team, and the Corporate Governance and Standards Committee (CG&SC). We base the Audit Plan on a risk assessment that provides guidance as to the frequency of audits. It covers four main themes (Financial Control, Asset Management, Management Control and ICT) specifically to address the main concerns of corporate governance.

4.3. Internal Audit has produced an annual report on Corporate Governance, which is an assessment of corporate governance against CIPFA guidelines. They also review standards of internal control including risk and performance management. The overall conclusion is that the Council's systems of governance, risk management and Internal Control for the period to 31 March 2019 were generally sound and operate consistently across departments.

4.4. We have used all of this activity to inform the Annual Governance Statement.

5. INTERNAL AUDIT STATEMENT

5.1 In 2018-19, there were 38 planned pieces of works, including service and lean reviews and some contingency work. Over the year, we have completed or are working on 36 audits, which represent 95 per cent of the audit plan. The work carried out so far shows that there is no indication of any material or significant issues arising from this work that affect this statement. The results of the work carried out in the year to 31 March 2019 are shown below:

Assurance Rating	Number of Audits	
Significant Assurance	0	0%
Significant Assurance with minor improvement opportunities	18	47%
Partial assurance with improvements required	8	22%
No Assurance	0	0%
No Opinion (one-off projects) Value for Money	10	26%
In progress(Inc. fundamental service reviews)	2	5%

5.2 Where appropriate the audit report provides management recommendations designed to address weaknesses in the system of internal control. We report the outcomes of these audits to the CG&SC every six months giving councillors an opportunity to understand the Council's compliance with key controls and to discuss any areas of concern with the auditors. We also update councillors on the progress

of recommendations. In 2018-19, there was evidence of sound controls and substantial assurance over our major financial systems. All of the main financial systems that feed into the Council's financial statements have good controls in place and have been given satisfactory assurance following the audit reviews. There were no control weaknesses found in the audits, which represent a significant or material risk to the Council.

5.3 There are no material governance, or internal control issues of which Internal Audit have been made aware during the year, which cause any qualification of the above opinion. The main issue and priority from an audit perspective, as recognised by management, is that the Council sustains and completes the programme of transformational change and embeds improvement across the Council whilst maintaining service delivery and the effective operation of key controls. The work over the year identified some governance areas where there were a number of medium risks and the resulting recommendations will be subject follow-up reviews in 2019-20.

6.   SIGNIFICANT GOVERNANCE ISSUES AND ACTION PLAN

6.1.   This year has been a period of change and there have been ongoing financial pressures. Despite this challenging environment, there have been significant achievements and continuing improvement in the Council's overall governance arrangements as described in section 3. Where we have identified areas for further improvement we will take the necessary action to implement changes that will further develop our governance framework.

6.2.   The Openness of Local Government Bodies Regulations, adopted in August 2014, and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 place a requirement on Councils to publish on its website and make available to the public for inspection, reports on certain decisions taken under authority delegated to Officers or Councillors. Since 2017-18, the Council introduced reporting such decisions on its website through Modern.gov.

Progress on Governance Issues reported in the 2017-18 Annual Governance Statement:

6.3.   The significant governance issues arising in 2017-18 and progress made against them are shown in table below:

CYBER SECURITY		
RECOMMENDATIONS	**ACTIONS AGREED**	**PROGRESS MADE**
The Council must migrate all IT devices onto operating systems that are supported by the developer. Where this is not possible, the devices running unsupported operating systems must be isolated from the Council's IT network.	The on-going remediation work includes the retirement of a number of legacy systems. The residual risk will be managed via the use of hardware based security measures to isolate any unsupported systems that cannot be decommissioned prior to the full refresh programme.	We have removed all but one XP PAC and six windows 2003 servers. Plans are in place to remove all remaining systems as part of the ICT refresh programme by the end of April 2019.
There should be a defined ICT patch management procedure in place.	Work was already underway prior to the audit to address this in a proportionate manner and whilst this is not fully automated significant improvements have been made in assessing and applying patches. The ICT refresh programme fully addresses patch management.	Patching policy is in place. Weekly patching ongoing using NESSUS / WSUS for vulnerability scanning. Awarded cyber security essentials accreditation by Crest in February 2019.

FIRE RISK ASSESSMENTS (FRA)		
RECOMMENDATIONS	**ACTIONS AGREED**	**PROGRESS MADE**
A procedure should be established to review the FRAs annually, in line with the requirements of the Corporate Fire Safety Policy. All residential properties should be identified and managed. The list should include the date of the latest FRA and the next assessment due date for each property. The listing should be kept up to date to reflect the status of the FRA for each property.	The new Fire Safety Group has been tasked with ensuring the Council has up to date fire risk assessments, which will be reviewed annually in accordance with the recommendations in the Council's Corporate Fire Safety Policy.	A new system has been implemented and tested that prompts staff to review their FRAs in line with our policy. Staff have received fire risk workplace assessment test on line training.
Following the completion of a FRA, management should develop an action plan to ensure that all recommendations raised are RAG-rated and prioritised.. The action plan should be kept up to date to reflect the status of recommendations.	An action plan is being developed to ensure the Council can clearly identify and sign off what actions need to be undertaken in accordance with the latest fire risk assessments. Outstanding actions will be reviewed by the Fire Safety Group.	Surveyors are now reviewing all action plans to verify that the actions have been implemented.
ASBESTOS AND LEGIONELLA		
RECOMMENDATIONS	**ACTIONS AGREED**	**PROGRESS MADE**
The Council should ensure there is an up-to-date register, which clearly details all properties owned by the Council where asbestos containing materials (ACM) are present	An up-to-date asbestos register is being developed which will identify all properties where asbestos containing materials have been detected. This will provide a clear record identifying what actions need to be undertaken in accordance with the latest asbestos management surveys and will allow re-inspections to be dated and signed.	This work is ongoing and we have revised the target date for completion. A contract for a specialist consultant to complete the review has been let.
The Council should ensure that accountability for asbestos management and appropriate responsibilities are assigned to a named individual within the Council. The Council should establish a Corporate Asbestos Management Group – with individual working groups feeding into it, whereby responsibility of asbestos is clearly assigned.	A new Asbestos Management Group is being established with representatives from service areas. The Group will agree Terms of Reference as well as reviewing and updating the Corporate Asbestos Policy. In addition, they will ensure that corporate processes, procedures and training are put in place to provide full and safe management of asbestos. There is a designated responsible officer who together with the Group will review outstanding actions on the asbestos registers. Performance will be monitored by the Corporate Management Team.	All recommendations have been implemented and there are now sufficient governance processes in place. KPIS have been established to monitor contract performance. A training needs analysis has been carried out for Building Responsible Persons and this is reviewed by the Health and Safety Officer.
BUSINESS CONTINUITY		
RECOMMENDATIONS	**ACTIONS AGREED**	**IMPLEMENTATION DATE**
CMT considers the findings of the audit report and decides how it wants to approach Business Continuity. If the decision is that the Council should have a robust and resilient Business Continuity Plan, it is recommended that a	There is now a corporate review to update all business continuity plans and revise the current processes and carry out the recommendations of the report	All service leaders completed and updated business continuity plans for their areas during 2018-19. A corporate business continuity plan has been developed and

new BCP be developed. Appropriate resources should be identified and allocated to drawing up and maintaining a new BCP based on the findings of the audit report.		is awaiting management team approval.

New Governance Issues arising in 2018-19:

6.4 During 2018-19, we identified two areas where the governance arrangements are not consistent. These are project management and procurement.

(a) **Project Management** - There is robust governance arrangements on our major projects but we need to ensure that there are consistent processes with measurable outcomes for all projects. During 2018-19, we reviewed all of our projects and are in the process of improving the governance particularly relating to monitoring, reporting and benefits realisation.

(b) **Procurement** - We are a complex authority and we recognise that the procurement processes may need to be flexible especially in specialist and technical areas. We control certain areas of spend very tightly and centrally but there are areas where it is more efficient and effective to devolve procurement decisions more widely. We are currently considering what the Council's procurement team really needs and wants to control to ensure that we focus on what is important which will include working with specialist teams to obtain the best outcome both financially and operationally. This is an on-going piece of work, which will be considered as part of the Future Guildford project.

7. ASSURANCE SUMMARY

7.1. Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of our area in an equitable and open way. It recognises the standards of behaviour that support good decision-making: collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services and fundamental to showing that public money is well spent.

7.2. From the review, assessment and monitoring work undertaken and the ongoing work of internal audit we have reached the opinion that overall key systems are operating soundly and that there are no fundamental control weaknesses.

7.3. We confirm, to the best of our knowledge and belief, that this statement provides an accurate and fair view.

SIGNED: ………..................…………………………………………………………………
Leader of the Council on behalf of Guildford Borough Council

SIGNED: ……………………………………………………………………………………
Managing Director on behalf of Guildford Borough Council