ANNUAL GOVERNANCE STATEMENT 2014-15

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 approved and adopted a local code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government, including compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) . A copy of the code is on the website at www.guildford.gov.uk or can be obtained from Corporate Development Services, Millmead House, Millmead, Guildford, Surrey, GU2 4BB (tel. 01483 444854).

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 2015 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.

Strategic Framework and Performance Management

3.2   The Governance arrangements start with the Strategic Framework, which sets out the Vision and Mission and establishes the Council's key priorities. In 2013-14, the Council approved a Corporate Plan for the period 2013-2016. This is an essential part of our strategic framework and sets out the vision for the borough for the next three years.

3.3   The Corporate Plan has five themes, which have informed the more detailed service plans. The five themes provide a focus for Council activities and there is a clear link between service delivery and the Council's corporate objectives. We monitor progress against the objectives in the service plans through regular performance monitoring meetings and reports to the Corporate Management Team. The five themes are:

- Infrastructure
- Economy
- Development
- Sustainability
- Society

3.4   The Council has had a robust performance management system for many years, which links individual service business plans; key performance indicators (KPIs) and the Council's risk management system. We report progress against the Corporate Plan to Corporate   Management Team. The Chairmen and Vice Chairmen of the Scrutiny Committees and the Executive regularly monitor progress against the Corporate Plan.

3.5   We have embedded risk management within the organisation. It is an integral part of project management and service business plans. We have changed the format of the risk register within the service business plans in line with the latest guidance from ALARM, the public sector risk management association.

3.6   Officers should review each service risk register during the year. However, this is not consistently done across the organisation and will be included in the roll out of the new programme and project management system, which went live in February 2015.

3.7   We record risks at all levels from the basic, but essential, health and safety risks such as slips, trips and falls to high level-risks such as the impact of the financial situation and climate change. In 2014-15, we introduced a financial risk register to risk assess the Council's budget for 2015-16 and inform the level of general fund unallocated reserves that the Council holds.

3.8   Risk Management is an integral part of project management and we use risk management effectively in all of our significant projects. However, we do not currently apply risk management consistently in all of our smaller projects.

3.9   We recognised this was an issue and we have reviewed our project management framework. We had already identified a framework that tailors the project management process to the scale of the project but we recognise that we need a programme management solution to monitor the wide range of projects and activities which are needed to deliver the targets in the Corporate Plan. This was introduced in November 2014.

3.10   The Council has always scored well under the Audit Commission's annual assessment of Value for Money. In 2014-15, we continued with our Lean Management programme and introduced Fundamental Service Reviews (FSRs) to

improve services and reduce costs. Over the coming years every service will be subject to a FSR and its associated scrutiny and improvement. The FSR reviews will actively look at alternative methods of service delivery through the Lean programme, shared services and partnerships with the public, voluntary or commercial sectors.

3.11   We have already started to transfer some administrative tasks into the Customer Service Centre as the first point of contact and resolution. This has released resources in the front line services to concentrate on technical and professional activities.

3.12   By 31 March 2015, the Council had completed 45% of the projects set out in the Corporate Plan. A further 43% are on-track to be completed by their deadline date, leaving only 12% either off track or not started. Significant achievements in 2014-15 were:

1. completed 22 new Council homes, a further 43 new Council homes are due for completion by June 2015. These are the first HRA properties built by the Council in over 20 years.

2. enabled the completion of 37 new affordable homes with our housing association partners and have planning permission in place for a further 275 affordable homes, including 4 flats on Council owned land

3. brought 4 long term empty homes in the borough back into use

4. delivered 5 new gypsy and traveller pitches at Ash Bridge

5. invested over £6.8 million maintaining and improving tenants' homes

6. worked with Surrey County Council (SCC) to produce the 'Surrey Transport Plan: Guildford Borough Draft Local Transport Strategy and Forward Programme –Part A' and continue to work with SCC to develop Part B which will set out a coherent multi-modal transport strategy and programme

7. consulted on a new draft local plan and delivered a joint draft Strategic Housing Market Assessment (SHMA) with Waverley and Woking Borough Councils

8. developed a preliminary Community Infrastructure Levy (CIL) charging policy and consulted on the charging schedule

9. developed plans for the Clay Lane Link road on Slyfield and consulted with local residents on the scheme

10. successfully obtained Housing Zone status for the Slyfield Area Regeneration site and made good progress with Thames Water to agree a memorandum of understanding on working together to take the development forward

11. made good progress implementing the homelessness strategy agreed in 2013: 94% of actions were either complete or on track when the first year review of the strategy was undertaken in October 2014

12. worked with 137 families under the family support programme and successfully turned 100% of families around

13. worked with the University of Surrey to secure funding from the Local Enterprise Partnership (LEP), Enterprise M3 to explore how 5G technology can help Guildford businesses and continued to support the role out of superfast broadband across the borough

14. raised and match funded £101,000 for Guildford Philanthropy; a community fund to support vulnerable and disadvantaged groups and individuals, particularly focussing on improving access to education, training and skills

15. developed and agreed a public health and wellbeing strategy

16. continued to work with and support our social enterprises including piloting a street cleansing service

17. opened a new aerial adventure course at stoke park

18. signed an agreement with Action Surrey to deliver the Green Deal in Guildford

19. entered into a development agreement with LandSecurities for the redevelopment of North Street and are making good progress towards the agreement of the financial condition on which the development will proceed

20. achieved the purple flag accreditation for Guildford town centre in partnership with the business improvement district, Experience Guildford

21. secured premises on the Midleton industrial estate for a business incubator unit with support funding from Enterprise M3 LEP

22. undertook a review of the Council's constitution and governance arrangements and implemented a new procurement strategy

23. kept council tax below inflation for 2015/16 and maintained council tax and business rates collection rates at over 99%

24. identified £0.9million savings and £1million of additional income for the 2015-16 budget with plans in place for a further £2.4million savings and additional income for the period 2016 to 2019

25. Invested £7million of the £25million fund set up for the Council's Asset Investment Strategy to increase the Council's investment property portfolio and purchase additional investment property assets, achieving £0.4 million additional net rental income for the general fund

26. expanded our customer service centre to include the planning reception

27. implemented a new online payments and receipting system with Elmbridge BC, Epsom & Ewell BC and Mole Valley DC

28. completed the 3 Fundamental Service Review (FSR's) of the Street Cleansing, Parking and Planning Services

29. retained our Aa1 credit rating with Moody's following a further inspection

All of these demonstrate the Council's sound governance arrangements.

The Constitution

3.13   The Council has a comprehensive Constitution that covers, amongst other things, the roles and responsibilities of Councillors and officers. We constantly review the Constitution with amendments agreed and issued throughout the year to ensure that it remains relevant to the objectives contained in the Strategic Framework.

3.14   We completed a major review of the constitution, which reported to Council in May, October and December 2014. As part of the review, we made changes to the councillors' code of conduct and scheme of delegation and significant changes to the financial and procurement procedure rules. Following the revision to the procurement procedure rules, the Executive approved a new corporate procurement strategy in April 2015 and approved the establishment of a Corporate Procurement Advisory Board (CPAB) to enhance the governance arrangements and consistency of procurement processes across the Council. We have also undertaken a series of training sessions on procurement for service managers. The Council is still in the process of setting up the board and the roll out of the strategy is in its early stages.

3.15   In November, following a motion to Council, the Joint Scrutiny Committee set up an overview and scrutiny task and finish group which reviewed the Council's governance arrangements. The review reported its findings to Council in April 2015, who approved the proposals for the new Council to consider in July 2015 (following the election). The key recommendations from the review are that the Council in future:

- operates hybrid Executive arrangements involving the establishment of two politically balanced Executive Advisory Boards (EABs) chaired by a lead Councillor, the EABs will report to the Executive

- dissolves the existing scrutiny committees and replaces them with one overview and scrutiny committee for post-decision review of Executive decisions and wider external scrutiny

- recognises the importance of the Corporate Governance and Standards Committee and expands its role to include treasury management and budget monitoring

- improves communication with ward Councillors

- improves public awareness of the decision-making processes at the Council and its governance arrangements.

3.16   The Managing Director, in her capacity as Head of Paid Service, on matters, which are deemed urgent, makes a small number of decisions each year, under delegated authority within the Council's constitution. Such decisions are rare but necessary for the operation of the Council. The urgency of the decision is discussed with the Chairman of the Corporate Improvement Scrutiny Committee. The Managing Director reports her decisions to the next available Committee, which would have taken the decision. In 2014-15, following review of one decision by the Joint Scrutiny Committee, a recommendation was made by the Committee to review the procedure for taking urgent decisions. The Joint Scrutiny Committee recommended additional consultation with the Monitoring Officer as well as the Chairman of the Scrutiny Committee and the Leader of the Council, in order to provide an additional safeguard to ensure that the power is used appropriately. This recommendation was enacted as part of the review of the Constitution in December 2014 and the revised requirement is included within Part 3 of the Constitution, Delegation to Officers, Responsibilities and Powers of the Head of Paid Service.

Forward Plan and Committee Decisions

3.17   We use the Forward Plan to manage the work programme and decisions of the Executive and full Council. The work programme for the two scrutiny committees are discussed at agenda setting meetings held every two months with the chairs and vice-chairs of the scrutiny committees.

Scrutiny Committees

3.18   The Council is striving to improve its scrutiny arrangements and is making good progress. Following a scrutiny workshop with councillors in May 2013, a range of proposals was put together into a draft improvement plan, which was adopted by both scrutiny committees in July 2013. Although we have two scrutiny committees, they meet as a Joint Scrutiny committee for items of mutual interest such as the Leader's report and the Outline Budget report. The Joint Scrutiny Committee reviewed the improvement plan in June 2014 and signed off the relevant actions as complete. The Joint Scrutiny Committee also recently commissioned a task and finish group to undertake a wider review of our governance arrangements, as described above. Its report was well received by councillors and the Council broadly accepted its recommendations. The task and finish working group will be reconvened by the new Council to further develop the detailed proposals and implement the recommendations. This will further improve our scrutiny function.

Corporate Governance and Standards Committee

3.19   Following enactment of the Localism Act 2011, the Standards Committee and Audit Committee were disbanded and a new committee known as the Audit and Corporate Governance Committee was established. In May 2014, the Committees were further re-organised and the committee with responsibility for audit and accounts, corporate governance and ethical standards is now known as the Corporate Governance and Standards Committee. The role and functions of the committee include:

Audit and Accounts activity

- monitoring internal audit activity and receiving bi-annual reports from the Executive Head of Organisational Development

- receiving reports from the external auditor, including his annual letter

- review and approve the annual statement of accounts

Corporate Governance activity

- monitoring and reviewing the Council's constitution

- corporate governance, risk management, statement on internal control and any issues referred to it

- compliance with the Council's own and published standards

- receiving an annual report regarding complaints about the Council referred to the Local Government Ombudsman

- monitoring the effectiveness of various Council policies

Ethical Standards activity

- implementing, monitoring and reviewing the operation of codes of conduct for Councillors and Officers

- promoting and maintaining high standards of conduct by Councillors and co-opted members

- investigating and determining allegations of misconduct where determination by the Monitoring Officer is considered inappropriate

The full role and responsibilities are available on our website, at Part 2 (Article 11) of the Constitution. The Council agreed on 19 May 2015 that the Corporate Governance and Standards Committee will also be responsible for Treasury Management and Budget Monitoring.

3.20   We advise the committee, through a regular reporting process, of progress against agreed internal audit recommendations and other governance issues such as equalities, risk management, sickness, health and safety, business recovery and data quality.

Compliance with Laws and Regulations

3.21   The Council employs appropriate professional staff in relevant fields to provide guidance and advice as required. Part of their role is to ensure that the actions of the Council and individual   councillors and officers comply with relevant laws and regulations, as well as the Council's own policies and procedures.

3.22   The Managing Director undertakes both the statutory roles of Head of Paid Service and Chief Finance Officer. The arrangement of one officer performing both roles is unusual but not unique. The Managing Director is supported by two Deputy Chief Finance Officers so that where a conflict of interest could exist, the Managing Director assumes the role of Head of Paid Service, and one of the Deputy Chief Finance Officers assumes the role of the Chief Finance Officer. In this arrangement, the Council ensures separation of duties exists where necessary and the governance framework is maintained.

3.23   The Corporate Management Team led by the Managing Director (Head of Paid Service and Chief Finance Officer) review all reports to the Executive. The Executive Head of Governance is the Council's Monitoring Officer and is part of the Corporate Management Team. In addition, the Council has comprehensive Financial Procedure Rules and Procurement Procedure Rules as part of the Constitution that provide guidance on spending decisions to ensure that

expenditure is lawful and properly controlled. These rules were subject to a major review in 2014-15.

Whistleblowing and Complaints

3.24   The Council has a Whistleblowing policy as part of its Constitution. This was reviewed in 2013 and the Council approved a new policy in February 2014.

3.25   In 2014-15, the Council introduced a new corporate complaints process.   This has shortened and simplified the process for the customer and improved the timeliness and quality of complaint handling. We have created a new post of Complaints and Improvement Officer to monitor complaints, identify trends and work with managers to drive service improvements.

Development of Councillors and Senior Officers

3.26   Our strategic framework, which was revised when the Council adopted the Corporate Plan in October 2013, states that a key aspiration in the development of our Council is to have "highly trained and proficient staff and councillors who challenge and learn." All officers (including senior officers) have two performance reviews (appraisals) a year. Officers also have a series of one to one meetings with their line manager to discuss individual performance against agreed targets. This is also an opportunity to identify development needs and training requirements against the Council's objectives.

3.27   We have developed a set of behavioural competencies linked to each post. We have provided training to all staff and managers and have undertaken the first full year of performance review appraisal meetings under the new system.

3.28   The Council also recognises the importance of ensuring that its councillors receive all necessary training and development in order to carry out their various roles. In September 2013, the Council received accreditation under the South East Employers Charter for Elected Member Development by demonstrating that we had a strategic approach to councillor development, which linked to the Council's corporate objectives and priorities. The Councillor Development Steering Group has put in place a comprehensive member development programme that meets councillors' ongoing training and development needs. The processes and procedures put in place give us a robust framework for responding to future challenges and legislative changes. The Council continues to meet the standard of the Charter as demonstrated recently in our 18-month interim assessment carried out by South East Employers in March 2015.

3.29   We offer training for Councillors on a wide range of topic areas such as Ethical Standards, Planning, Licensing, local government finance, media skills, chairing skills and time management.

3.30   The steering group has prepared a comprehensive induction programme for new councillors for implementation after the Borough elections in May 2015.

3.31   The Council has adopted a Corporate Plan which clearly set out the aims and objectives of the Council over the next three years, but they need to be underpinned by a clear set of values that are understood and adhered to by staff at all levels. The work that we have carried out on values and performance and development provides staff with an understanding how they contribute to the achievement of our corporate priorities.

3.32   We successfully retained our IIP Bronze status. We also retained our Customer Service Excellence Standard. The assessor found a deep understanding and commitment to customer service excellence from senior management through to front line staff.

Communication, Consultation and Accountability

3.33   The Council has well-established processes to manage and provide effective communication with residents, businesses, visitors and stakeholders. As part of this, we produce and deliver four editions a year of our Council newspaper, About Guildford, to all households in the borough to update local people about the Council's activities, services and performance. We also use online and social media tools to reach as many people as possible with the latest news and information. The Council provides a comprehensive media service for proactive releases and reactive requests for local, regional and national press, as many residents use online, broadcast and other news sources.

3.34   In addition, we have a corporate procedure for producing individual services' publications for residents and customers to provide information and education (for example, to encourage behaviour changes in recycling and litter). Also to support individual services in their own social media and other communications.

3.35   The Council has a corporate identity, which is used to brand communications and services. This helps customers and taxpayers to understand and recognise which services we provide or are responsible for.

3.36   We are continuing to look at ways to improve customer service and access through our web site. We have reviewed the way that our residents are using the website and have started moving towards a self-service model for our report/pay/apply section. We are also continuing to expand our use of social media to improve our customer engagement.

3.37   The Council realises the importance of consultation with our residents and community. We already consult widely in line with our Community engagement strategy and consultation standards using publications, surveys, focus groups and our Citizens' Panel. We recognise the need for greater engagement and involvement with residents and stakeholders in our strategic decision-making and service delivery and are working on an action plan to improve our consultation processes still further.

3.38   Many of our services actively consult with the community as an integral part of their service delivery, for example our widespread consultation on the draft new Local Plan. However, our community is changing and we need to be responsive to their developing needs. We have identified consultation as part of the overall process of transparency and engagement with our residents and customers.

3.39   As part of our commitment to openness and transparency, we have increased the amount of information available on our website. This should reduce the demand from Freedom of Information (FOI) requests.

3.40   During 2014 (our current system reports on calendar rather than financial years) the number of FOI requests increased to 848 over a total of 669 in the previous year. This represents a rise of 27%.

3.41   We are required to respond to FOI requests within 20 working days. The Information Commissioner sets a Minimum Compliance threshold for this target of 85%. In 2013, we achieved 87%, but in 2014, this fell to 69%. As a result, we have introduced regular reports on performance to the Corporate Management Team and a new system to manage the process will be introduced in 2015.

Partnerships

3.42   Our mission statement emphasises the importance of partnership working in providing first class services. At the strategic level, we established a new Guildford-Surrey Board in September 2013 to replace the former Guildford Local Strategic Partnership. The Board, which comprises senior Councillors and officers from the Borough Council and Surrey County Council, together with representatives of the University of Surrey, Royal Surrey County Hospital and Guildford College, focuses on the overseeing the delivery of the following shared priorities:

a. infrastructure improvements, including roads (trunk roads and town centre), rail and future transport innovations

b. economic development, including sustainable business and jobs growth and access to learning and skills

c. promoting sustainable development, including housing

d. delivering public health improvements

e. supporting families and our less advantaged communities, including in the light of welfare and benefit reforms

f. maximising the use of our assets and estates to drive income and community benefit

g. maximising the value extracted from waste.

3.43   At the same time, we established a new Guildford Health and Wellbeing Board comprising representatives of the Council and other major public and voluntary sector organisations, such as Guildford and Waverley Clinical Commissioning Group, Royal Surrey County Hospital, Surrey County Council. The Board supports and promotes the public health agenda in its widest sense. This incorporates health improvement (including people's lifestyles, inequalities in health and the wider social influences of health), health protection and health services. The Board is responsible for developing and implementing the Guildford Health and Wellbeing Strategy.

3.44   We have also forged a strong relationship with the Enterprise M3 Local Enterprise Partnership (LEP). The Leader of the Council joined the Board in 2014, and Guildford Council enjoys regular representation at all levels of the LEP through strategic working groups. The Council provided significant input into the formation of the LEP's Strategic Economic Plan and subsequent Local Growth Deal submission and European Funding Investment Strategy. This included formulating a broad and comprehensive growth package for consideration by government covering infrastructure, housing, skills and enterprise.

3.45   Through Enterprise M3, we are able to access capital funding and borrowing at preferential rates for key strategic projects. Through the LEP, we have recently:
- been successful in obtaining financial support for the Clay Lane Link road,
- agreed additional borrowing capacity for the HRA to deliver more council houses,
- received funding to help create a business incubator space on the Midleton industrial estate and
- continue to work with Surrey County Council (as the local transport body) to bid for funding under the Local Growth Fund for transport schemes.

3.46   We are also involved in a large number of service specific partnerships. Examples of best practice include Surrey Strategic Waste Partnership, Safer Guildford Partnership and the Choice-Based Lettings housing scheme.

3.47   Over the last two years, the Council has worked with Surrey Lifelong Partnership, Oakleaf Enterprise and Guildford YMCA to establish Glade (Guildford Learning and Development Enterprise). The focus of this new social enterprise is to provide training, skills, qualifications and employment opportunities for young unemployed

people in Westborough and Stoke. Following this work the Council contracted Glade in 2014-15 to provide gardening services on behalf of the Council at day centres, sheltered housing schemes, elderly tenant's homes and street cleansing services in Westborough.

3.48   We have also continued to support the Guildford Bike Project. We have leased a property in Westborough, which is being used as a shop and classroom delivering training programmes within the community. The Council has extended and refurbished the workshop at Woking Road Depot to provide greater capacity and employment opportunities for jobseekers. The scheme has now received approval as an accredited City and Guilds Centre.

3.49   We are looking to build on the success of these two schemes, by continuing to develop new social enterprise partnerships. Most recently, we have supported the establishment of a PC refurbishment business based on the bike project model.

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. 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 system of Internal Control at Guildford Borough Council for the period to 31 March 2015 was sound.

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

4.5.   We have a Corporate Governance Group that meets quarterly to discuss any governance issues or concerns. The group comprises the Managing Director (as Head of Paid Service), either the Head of Financial Services or Principal Accountant for financial management and projects (as deputy Chief Financial/S151 Officers), the Executive Head of Organisation and Development and the Executive Head of Governance (as Monitoring Officer). We also have an Information Security Risk Group to review the Council's information governance and have appointed a senior manager as the Senior Information Risk Owner who is working with a group of officers to improve information security.

4.6.   There are two scrutiny committees:

1.   Corporate Improvement Scrutiny Committee - to lead on functions concerned with the management of the Council's resources, internal services and overall improvement programme.

2.   Customer and Community Scrutiny Committee – to lead on functions that have a direct impact on the Council's customers and local communities.

4.7.   The two scrutiny committees meet as a Joint Scrutiny committee for items of mutual interest, such as the Leader's report and Outline Budget report.

4.8.   The Corporate Governance and Standards Committee receive reports on progress against the audit plan, activities and findings of Internal Audit, risk management, health and safety, equalities, treasury management, ethical standards, Ombudsman complaints and progress against audit recommendations. It also receives interim and annual reports from Grant Thornton, the Council's external auditors, and is responsible for approving the Council's Statement of Accounts.

5.   INTERNAL AUDIT STATEMENT

During 2014-15, internal auditors completed 91 per cent of the audit plan.   The shortfall was the result of a number of unplanned audits, which were requested by managers. There were six audits in progress at the end of the year on which we have not yet given an opinion but there are no indications so far of any material or significant issues arising from this work, which would affect this statement. The table below shows assurance levels of the work carried out in the year to 31 March 2015:

Assurance Rating	Number of Audits	
Substantial	8	13%
Reasonable	36	60%
Limited	5	8%
No Assurance	0	0%
No Opinion (one-off projects)	4	7%
Ongoing (Inc. fundamental service reviews)	7	12%

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 Corporate Governance and Standards Committee 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.

5.3   The Council has very high levels of assurance in respect of all its main financial systems and its governance arrangements. The main financial systems, which feed into the production of the Council's financial statements, achieved substantial or reasonable assurance level following internal audit.

5.4   Each year the Head of Internal Audit, provides an opinion on the Council's assurance and control framework in her Annual Opinion Report April 2014 to March 2015.

6.   SIGNIFICANT GOVERNANCE ISSUES

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. 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.   During 2014-15, we carried out a review of how we set taxi-licensing fees following a challenge to the accounts. The review included the costings of the Mot Station and internal recharges and although we identified areas for improvement, there were no material issues that would affect the scale of fees set. This work is on-going and is part of a wide-ranging overall review of licensing Where improvements to processes have been identified they will be actioned by the Licensing team..

6.3.   We have also reviewed the access controls on our major systems. The majority of systems were well controlled and had documented permissions and hierarchies but the review found that there needs to be greater control and governance over our use of SharePoint.

6.4.   Following two complaints regarding the Council's procurement decisions, the Council has reviewed its procurement processes. During the review, we found that procurement procedure rules were not consistently applied across all departments and there is a need for corporate oversight and training of service managers on procurement. During 2014-15, the Council revised its procurement procedure rules and undertook initial training of service managers. In April 2015, Executive approved a corporate procurement strategy and the establishment of a corporate procurement advisory board (CPAB). The Council is still in the process of setting up the board and the roll out of the strategy is in its early stages.

6.5.   The Information Commissioner's Office (ICO) carried out a voluntary audit (requested by the Council) on the Council's records management system in June 2013. The Council was given limited assurance for records management and subject access requests. Following the audit, the council developed an improvement action plan and is making good progress towards its implementation. However, further improvement is still required in relation to records management. Further information is set out in the Council's annual report on Compliance with Information Rights.

6.6.   The Council is compliant with the requirements under the Local Government Transparency Code 2014 for the publication of data, which the code mandates 'must be published'. However, the Council only publishes a majority, rather than all, of the data which is 'recommended for publication' under the code, and recognises the need to improve its transparency by publishing the remaining data and improving the accessibility of the data on its website.

6.7.   Due to a significant increase in the volume and complexity of Freedom of Information (FOI) Act requests received, the Council's systems for dealing with FOIs have been overloaded. As a result, the Council's performance did not meet the Information Commissioner's minimum compliance threshold of 85%. Further information is set out in the Council's annual report on Compliance with Information Rights along with a series of actions the Council is taking to improve its performance.

6.8.   The Openness of Local Government Bodies Regulations, adopted in August 2014, place a requirement on Councils to publish on its website and make available to the public for inspection, reports on decisions taken under authority delegated to Officers or Councillors, where the effect of the decision is to:

        (a)   grant a permission or license;

(b)   affect the rights of an individual;

(c)   award a contract or incur expenditure, which in either case, materially affects the Council's financial position.

The Council's process for recording decisions taken under delegated authority is not consistently applied across all services, there is no central library of such decisions and the decisions themselves are not currently reported to a committee of the Council. Where decisions have been properly documented, they are available for public inspection on request; however, the Council does not currently publish delegated decisions on its website. The Corporate Governance Group are reviewing the process for documenting decisions made under delegated authority and will consider how to provide this information on our website and report it to a relevant Committee in future.

6.9.   In 2013-14, a number of residents made an allegation regarding the conduct of the former Lead Councillor for Planning. The Council appointed a third party to conduct an independent investigation into the allegations, which found that there was no breach of the Council's codes of conduct. However, in 2014-15, the residents referred the matter to the police. Further information was obtained by the police, which had not been at the disposal of the Council's independent investigator during the investigation. As a result, the former Councillor pleaded guilty, in May 2015, to 3 counts of forgery, one of obtaining a pecuniary advantage by deception, and one of wilfully pretending to be a barrister. The offences related to the former Councillor's personal and professional working life and Guildford Borough Council did not suffer any direct financial loss. However, we accept that the Council has suffered reputational damage.

6.10.   As outlined in paragraph 3.19, the Corporate Governance and Standards Committee is the responsible committee for ensuring ethical standards at the Council, however, its work programme on ethical standards has traditionally been reactive.   Officers consider that there is scope to provide the committee with a proactive work programme and that decisions relating to ethical standards, made by the Monitoring Officer under delegated authority within the Council's constitution should be reported to the Committee in line with paragraph 6.8. Officers will prepare a report on ethical standards for the Committee in 2015-16.

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