

ANNUAL GOVERNANCE STATEMENT 2016-17

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 Finance 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 2017 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
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<ul style="list-style-type: none"> • Council's constitution, includes: <ul style="list-style-type: none"> ▪ 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 ▪ Protocol on Councillor/Officer relations ▪ 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 • Staff performance appraisals undertaken twice yearly • Declarations of interest made at meetings • Register of interests (including register of gifts and hospitality) maintained • Police protocol for referral of complaints • Anti-Fraud and Corruption Strategy • Anti-Bribery Policy • Whistle blowing policy • Officer corporate governance group monitors compliance with laws and 	<p>Constitution updated December 2016</p> <p>Arrangements for dealing with allegations of councillor misconduct subject to review during 2015 & 2016 and updated and improved arrangements now in place</p> <p>Procurement advisory panel launched on-line procurement toolkit and training during 2016-17</p>

	<p>council policies</p> <ul style="list-style-type: none"> • Officer health and safety group in place to monitor health and safety compliance • Complaints policy in place • Complaints and improvement officer monitors and regularly reports on 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 Advisory Panel (CPAP) 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) and Chief Finance Officer (CFO) • Executive Advisory Boards in place to advise Executive on topics • Monitoring Officer provisions in place 	
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> • The Council's vision and priorities are set out in the Corporate Plan • 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 • Online council tax information published • Transparency information published on website • Records of decision making maintained 	<p>The Council does not currently publish all FOI responses on its website</p> <p>FOI performance is improving – 89% responded to within 20 working days during 2016</p>

	<ul style="list-style-type: none"> • Protocol on decision making within the Council's constitution • Report templates include the requirement that all committee reports to Executive and Council require review of legal and financial implications to be completed and signed off by the MO and CFO • 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 • Council has maintained the Customer Service Excellence standard accreditation during 2016-17 • 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 	<p>The Council reviewed its website during 2016 and has launched a new improved website</p> <p>There is an internal staff weekly newsletter to all staff and Councillors</p>
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<ul style="list-style-type: none"> • Corporate Plan 2015-2020 which sets out the Council's vision, key themes and priorities • 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 	<p>Most recent monitoring report for the corporate plan during 2016-17 reveals that 4.9% of actions to be delivered from 2015 to 2020 are complete and 61.39% are on track.</p> <p>During 2016-17 the Council restructured to form a</p>

	<ul style="list-style-type: none"> • 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 	<p>business improvement team which is responsible for ensuring the delivery of the transformation programme</p> <p>A new Councillor-Officer transformation board has been set up during 2016-17 to monitor the transformation programme and the realisation of benefits</p>
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul style="list-style-type: none"> • Medium term financial strategy and plan in place, reviewed annually and published as part of the Council's budget book • Business planning process in place to align financial resources with corporate plan priorities • 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 	<p>Service planning and KPI monitoring at service level could improve as recently recommended by an internal audit review</p>

	<ul style="list-style-type: none"> • 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 • Risk management protocol in place 	
<p>E. Developing capacity, including the capability of leadership and the individuals within it</p>	<ul style="list-style-type: none"> • Organisational development framework includes twice-yearly performance and development reviews of staff, one to one meetings and clear job descriptions with behavioural profiles. • 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 Finance Officer (CFO) • Head of Paid Service (HoPS) and CFO is part of the corporate management team and always attends 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 • Council awarded investors in people bronze level • 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 	<p>The corporate plan includes a succession-planning project. As part of this there has been a significant handover period between the retiring and new incoming managing director</p> <p>Due to staff changes and restructuring, the Interim Monitoring Officer is not a regular attendee at corporate management team but does attend the Executive Liaison and Executive meetings. This will be reviewed by the new Managing Director (and HoPS) during 2017-18.</p> <p>Our Managing Director holds both the statutory roles of HoPS and CFO. This is unusual but not unique. Council agreed in October 2016, that following</p>

	<p>Development</p> <ul style="list-style-type: none"> • 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 	<p>retirement of the current managing director on 31 May 2017, the two statutory roles will be separated</p>
<p>F. Managing Risks and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> • Risk management strategy and protocol in place approved by corporate governance and standards committee • 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 • Regular key performance indicator monitoring by corporate management team • 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 and approved by the Committee. Agendas and minutes are published online. • 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 online. • 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 	<p>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 was compliant with best practice</p> <p>Internal audit of data quality found limited assurance and made a number of recommendations for improvement (see section 6)</p> <p>The Council has recently introduced iDEA software package to interrogate data systems for audit and risk management purpose</p>

	<ul style="list-style-type: none"> • Council has comprehensive data protection policies and a designated data protection officer who monitors compliance with legislation • 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 	
<p>G. Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • 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 	<p>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</p> <p>Internal audit review of the Council’s compliance with the transparency code during 2016-17 found limited assurance and set out recommendations for improvement</p>

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 2017 were generally sound and operates consistently across departments.
- 4.4. We have used all of this activity to inform the Annual Governance Statement.

5. INTERNAL AUDIT STATEMENT

- 5.1 During 2016-17, internal auditors completed 77% of the audit plan. The shortfall was the result of six unplanned audits, on-going project work, and reduced resources (due to long-term absence). There were eight 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 2017:

Assurance Rating	Number of Audits	
Substantial	6	9%
Reasonable	29	46%
Limited	3	4%
No Assurance	0	0%
No Opinion (one-off projects)	11	18%
Ongoing (Inc. fundamental service reviews)	8	13%
Carried over to 2017-18	6	10%

- 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.

- 5.3 The Council has very high levels of assurance in respect of all its main financial systems and the majority of its governance arrangements. The main financial systems, tested in 2016-17 and which feed into the production of the Council's financial statements, achieved assurance following internal audit reviews.

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.

Progress against significant governance issues raised in 2015-16

- 6.2. During 2016-17, we have improved the process for determining taxi licence fees. The new process includes approval of the methodology to be used in calculating the fees by the Licensing Committee and an internal audit of how the fees are calculated to ensure compliance with the methodology prior to the fees being approved by Council. Further development of the process to recover the surplus/deficit over three years will be undertaken in 2017-18.
- 6.3. The Council has continued to improve its sundry income collection procedures during 2016-17. All fees and charges are now included in the fees register approved by Council. Income collection processes have been fully mapped and reviewed. The Council is now implementing a project to move the collection of income upfront to the point of sale through a new on-line booking system.
- 6.4. Following a petition under the Localism Act 2011, the Council held a referendum on its governance arrangements in October 2015. The public voted in the referendum in favour of retaining the existing governance arrangements and so no significant changes have been required.
- 6.5. Due to measures introduced in the last two years, the Council's performance in dealing with FOI requests has continued to improve steadily. The overall performance for 2016 was 89% (up from 81% in 2015 and 69% in 2014). The Council now meets the target performance level set by the Information Commissioner of 85%. The improvement is a result of implementing a new FOI case management system and regular monitoring of response rates by corporate management team and CG&SC. Corporate management team have set an internal target of 90% and will continue to monitor performance. Further information is set out in the Council's annual report on Compliance with Information Rights.
- 6.6. In 2015-16, we reported that there was scope to provide the CG&SC with a proactive work programme in relation to standards and that decisions relating to ethical standards, made by the MO under delegated authority within the Council's constitution, should be reported to the Committee. The CG&SC received a new annual report from the MO regarding standards allegations at its meeting in January 2017.

Governance Issues arising in 2016-17

- 6.7. During the year, the Council undertook an internal audit of its compliance with the requirements under the Local Government Transparency Code 2015 for the publication of data, which the code mandates 'must be published'. The audit review concluded that there was limited assurance that the Council was compliant with the code, particularly around procurement information and the format in which data is published. Audit made seven recommendations for improvement, three of which are considered high priority. The high priority recommendations were:
- ensure that all information is published in the appropriate format to meet the three star level required by the code
 - make the information rights officer responsible for the oversight of the Council's response to the transparency agenda
 - review the Council's procurement processes to ensure the publication of tender and contract details
- 6.8. The implementation of the recommendations will be monitored by internal audit as part of their audit follow up review during 2017-18 and who will work with the relevant service managers to ensure compliance. *Responsibility: Information Rights Officer, Due Date March 2018*
- 6.9. The Council is the sole trustee of a small number of charitable trusts relating to sports and recreation grounds that were left to the Council during the early 20th Century (Allen House grounds, Sutherland Memorial ground, Woodbridge Road Sports ground and Racks Close). The Council, as trustee, is undertaking a significant capital project at Woodbridge Road Sports ground. As part of the project, we have established that for many years the council has operated the grounds as if they were an internal department and, due to declaring nil income and expenditure for the charity, has not produced an annual report to the Charity Commission as required under the Charities Act. We have also established that the deed of trust does not meet current requirements and the governance arrangements around how the Council makes decisions, as trustee requires improvement. The Council's legal services team are due to report proposals to Council in summer 2017 regarding what revised arrangements the Council needs to put into place to meet its obligations as trustee. *Responsibility: Monitoring Officer Due Date September 2017*
- 6.10. The Council has an ambitious programme of major projects. We have introduced programme management software, which is used to monitor progress for both the major projects, the Corporate Plan as well as service projects. There are regular reports to the Corporate Management Team and the Major Projects Board. However, we are continuing to make improvements to provide greater assurance to Corporate Management Team and Councillors. *Responsibility: Audit and Performance Manager, Due Date: March 2018*
- 6.11. Internal Audit carried out a Data Quality Review, which looked at how data is managed across the Council and how our services will be affected by the new General Data Protection Regulations (GDPR), which come into force in May 2018. The audit review identifies areas where we need to improve to comply with current and future regulation. The recommendations are:
- introduce a Data Quality Management Strategy which takes into account the requirements of GDPR

- carry out a data mapping review of data that we process including access rights
- carry out an information governance review to analyse which data is no longer needed
- roll out corporate training on data security and the new regulations
- take regular progress reports to the Corporate Management Team

Responsibility: Senior Information Risk Owner (SIRO), Due Date: September 2017

6.12 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 place a requirement on a council to publish on its website and make available to the public for inspection details of executive decisions taken by individual councillors and officers. The Openness of Local Government Bodies Regulations 2014, place a similar requirement in respect of records of decisions taken by officers under authority delegated, where the effect of the decision is to:

- (a) grant a permission or licence;
- (b) affect the rights of an individual; or
- (c) award a contract or incur expenditure, which in either case, materially affects the Council's financial position.

6.13 The Council's process for recording such decisions is not consistently applied across all services. Where decisions have been properly documented, they are available for public inspection on request; however, not all of these decisions are being published on the Council's website. The Corporate Governance Group are reviewing the process for documenting decisions made under delegated authority and will consider how we can more consistently provide this information on our website in future. *Responsibility: Democratic Services Manager, Due Date: March 2018*

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