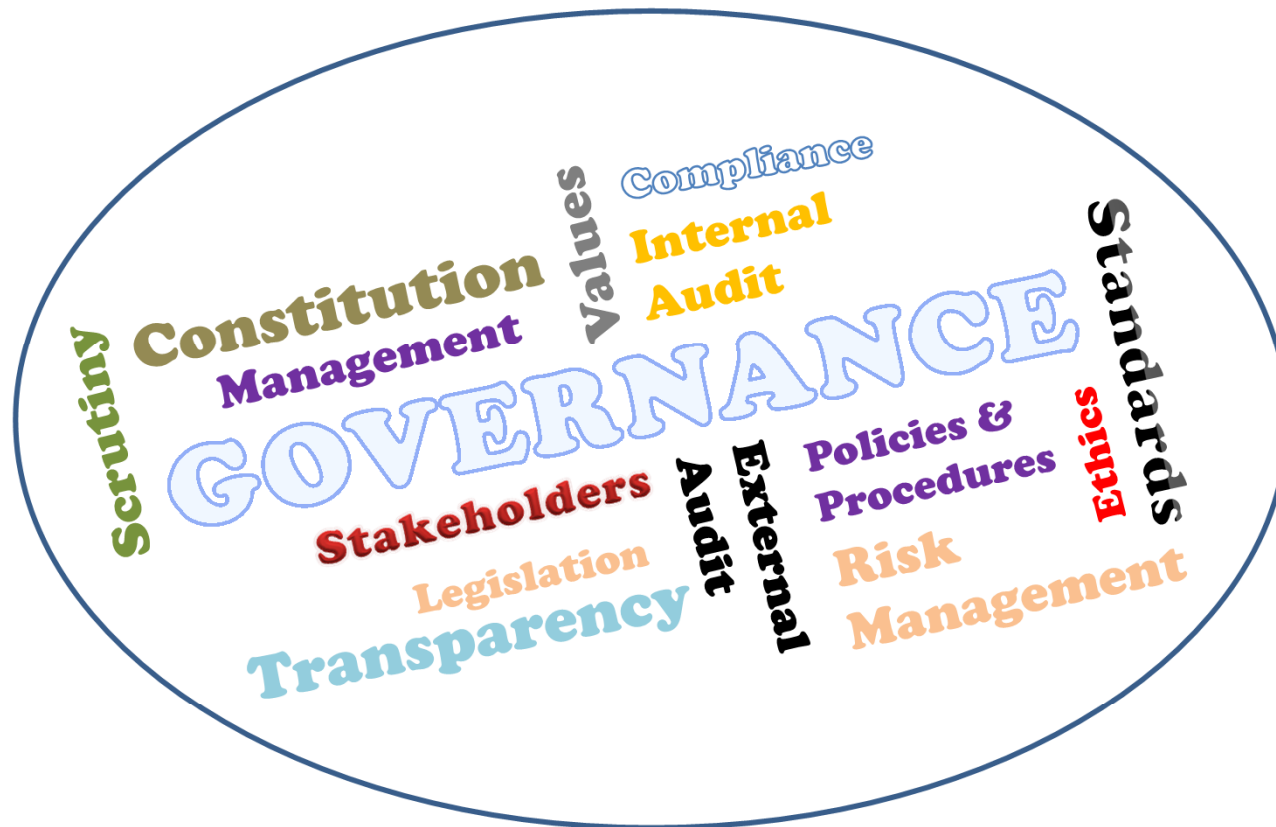


Annual Governance Statement



Draft 1 - April 2017

2016/17

Scope of Responsibility

Torrige District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it 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. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016. This statement explains how Torrige has complied with the code and also how we meet the requirements of the Accounts and Audit (England) Regulations 2016, which requires all relevant bodies to prepare an Annual Governance Statement.

The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:

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

B. Ensuring openness and comprehensive stakeholder engagement

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

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

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

F. Managing risks and performance through robust internal control and strong public financial management

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

A copy of the Council's code is available on our website at www.torrige.gov.uk or can be obtained from the Governance Manager, Riverbank House, Bideford, Devon EX39 2QG

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on going process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework has been in place at Torridge District Council for the year ended 31 March 2017 and up to the date of approval of the annual statement of accounts.

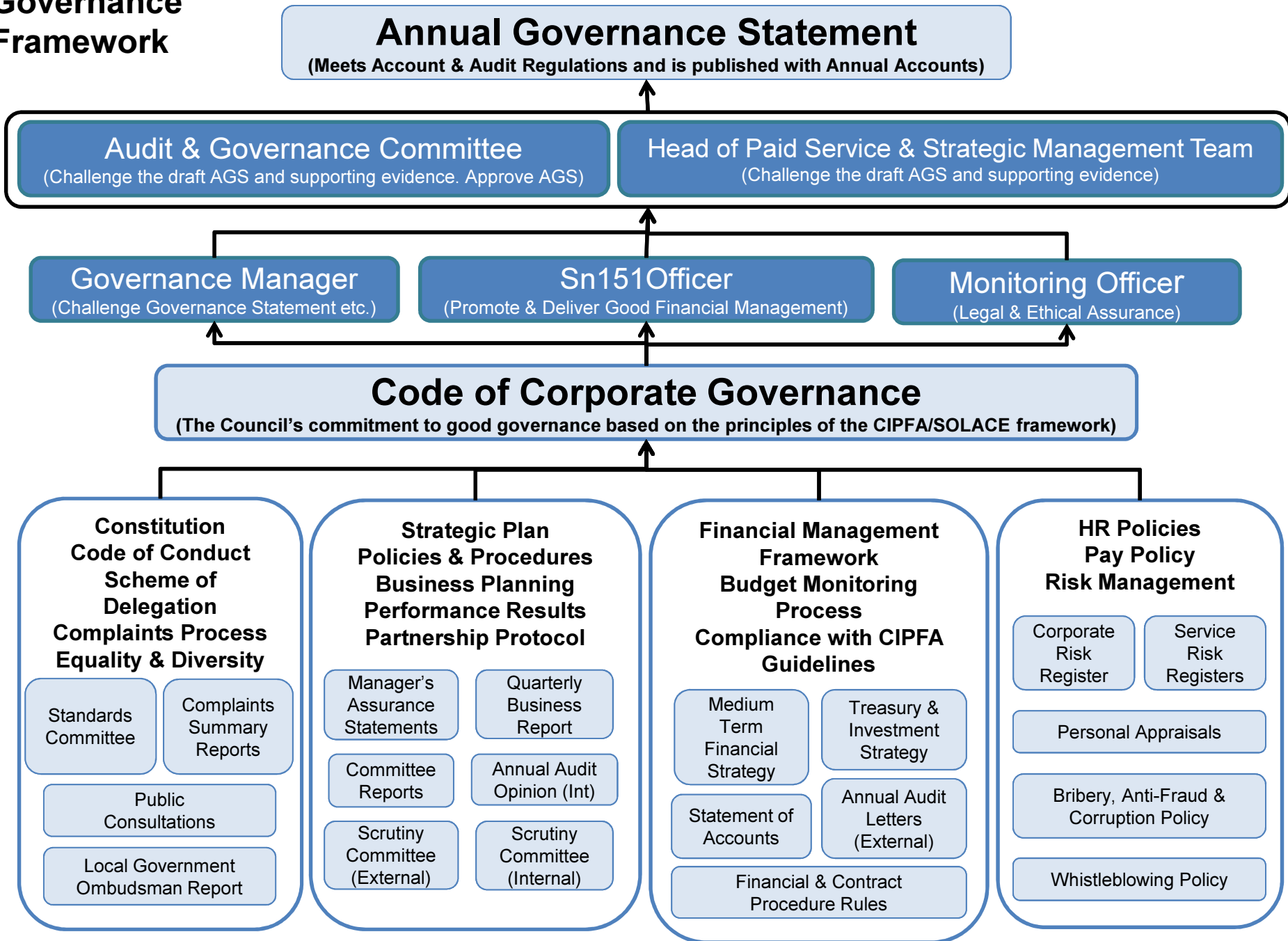
The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focussed upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Strategic Plan. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

The local Code of Corporate Governance is reviewed annually through the Audit and Governance Committee. This last happened on 29 November 2016. Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Strategic Management Team (SMT) which comprises the Head of Paid Service (HOPS), Strategic Managers and Senior Solicitor.

The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives. The Code of Corporate Governance sets out the controls in full.

The Governance Framework

Governance Framework



Review of Effectiveness

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 Governance Team who have responsibility for the development and maintenance of the governance environment;
- ✓ the Annual Internal Audit Assurance opinion, as provided by the Devon Audit Partnership;
- ✓ comments made by the external auditors and other review agencies and inspectorates; and
- ✓ the Audit & Governance Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2016/17.

The Council's Senior Managers have completed assurance statements for each of their areas of control, acknowledging responsibility for risk management and internal control, and certifying satisfaction with the arrangements in place throughout 2016/17.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2016/17, Torridge's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the CFO in Local Government* (2010).

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2016/17 the Monitoring Officer continued his review of the efficiency and effectiveness of all arrangements relating to Council and Committee meetings, working groups, and the required officer support.

The Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.

Other key officers have also been consulted for their views on the standards of governance within the Council – specifically the

- ✓ Statutory Finance Officer,
- ✓ Monitoring Officer,
- ✓ Governance Manager, and
- ✓ DAP Partnership Manager.

The Performance Management Framework has operated effectively during the year. Monitoring information on key areas of performance has been provided to the Governance Team for review and action. Performance management outputs have also been reviewed by the Overview & Scrutiny (Internal) Committee.

In 2016/17 the Council responded to 66 stage 1 and 19 stage 2 formal customer complaints, with an average response time of 19 days (the service standard is 28 days). The Council identified some learning outcomes from the complaints received and these have already been incorporated into changes in service provision.

Review of Effectiveness

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis. Lead Members have also kept issues under review during meetings with managers. During 2016/17 the Members of O&S, both Internal and External, have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results. There have been contributions, and input, from a range of stakeholders, including public and voluntary sector organisations, the public, officers and Members of the Council. Highlights have included:

Reviewing Actions on Officer Reports

- ✓ Council Tax Support Scheme
- ✓ Quarterly Business Reports
- ✓ New Homes Bonus
- ✓ Transforming Torridge Programme
- ✓ Budget Challenge & MTFP

Service Reviews

- ✓ Section 205 Notices
- ✓ Section 106 process
- ✓ Scheme of Officer Delegation
- ✓ ModernGov Software
- ✓ Highways Issues/Bridgeland St.

Working Parties on

- ✓ Income Generation
- ✓ Harbour Board
- ✓ External Grants
- ✓ Water Quality

Monitoring Reports from Key Partnerships and other External Bodies including:

- | | | |
|--------------------|---|-----------------------------------|
| ✓ North Devon Plus | ✓ Westward Housing (Tarka) | ✓ Community Safety Partnership |
| ✓ CAB | ✓ North Devon's Biosphere Reserve, AONB | ✓ Northern Devon Healthcare Trust |
| ✓ SWW / EA | ✓ Health, Wellbeing and Social Care | ✓ Burton Art Gallery |

Updates on Key Projects

There is a standing item on the O&S (Internal) agenda to review the progress of the Transforming Torridge Programme. Project updates are also provided at the weekly Strategic Management Team meetings.

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Following the approval by Full Council of the Transforming Torridge programme, work has been carried out under four major work streams: accommodation; customer first; locality working; and business transformation. The end result will include the relocation of the majority of staff to a single site during 2017/18. In addition officers have acted on feedback from Internal and External audit; and fed back customer complaints to the appropriate Operational Managers to improve service delivery.

The Council has in place regular reporting arrangements on the financial affairs of the Council. The budget for 2016/17 was agreed by Full Council in February 2016 and financial performance was reported on a quarterly basis to Members.

Review of Effectiveness

Internal Audit assessed corporate governance arrangements by measuring the Council against the requirements of the governance framework outlined in the CIPFA / SOLACE publication “Delivering Good Governance in Local Government”, and the results of this have been reported to the Audit and Governance Committee. In December 2016 DAP underwent an external examination against the Public Sector Internal Audit Standards (PSIAS) and received the top rating.

All key systems were audited in 2016/17 and a total of 22 audit reports were provided to management and the A&G Committee. This included an audit of the Council’s Risk Management arrangements (the audit opinion was **Satisfactory?**) which confirmed that: they have been monitored throughout the year by the Strategic Management Team; are closely aligned with day to day operations; and are linked with strategic and operational objectives. During 2016/17 a separate Risk Management Group was re-established and carried out a full review of the Corporate and Operational Risk Registers.

In March 2017 Torridge had its second Corporate Peer Challenge; one of the five core elements was **Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?** The Review Team concluded that Torridge’s Governance arrangements were **XX**

Based on the assurance work undertaken by Internal Audit, the Audit Manager (DAP) has provided an opinion on the adequacy of the control environment which concluded that this was **(TO BE REPORTED IN JULY)**. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute. Isolated areas in which controls were below the required standard are reported initially to the relevant Strategic Manager who ensures prompt corrective action is taken, and ultimately to the A&G Committee who monitor progress with improvements via follow up reports from Internal Audit.

The Code of Governance was updated to give assurance that standards were met in key areas. The 2017 Code was approved by the Audit and Governance Committee in November 2016.

In August 2016 the Council’s external auditor (Grant Thornton) provided the Council with an unqualified opinion on the Council’s accounts within their Annual Audit and Inspection letter (see pages 97-99 in the Council’s 2015/16 financial statement). Grant Thornton also provided an unqualified opinion of the Council’s arrangements to secure Value For Money.

In the 2015/16 Annual Governance Statement, three key issues were identified. Two of the three agreed actions have been completed; the remaining action (the Local Plan) was submitted to the Secretary of State in May 2016 – hearings were held in December 2016 and a re-submission is expected in July 2017.

**Significant
Governance
Issues**

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, **XX** issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2017/18 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to regular monitoring by the Committee.

Issue No.	Issue Identified	Summary of Action Proposed

**Approval of the
Annual
Governance
Statement**

Through the action referred to on the previous page, we propose over the coming year to address the issues that have been identified, with a view to further enhancing our governance arrangements. These steps will identify improvements that are needed and we will monitor their implementation and operation as part of our next annual review.

Signed:

Date:

Councillor Philip Hackett
Chair of Audit & Governance Committee

Signed:

Date:

Steve Hearse
Statutory Finance Officer

Signed:

Date:

Councillor Jane Whittaker
Leader of the Council

Signed:

Date:

Jenny Wallace
Head of Paid Service