

WAVERLEY BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2015/16

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1 SCOPE OF RESPONSIBILITY

1. Waverley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
2. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in delivering its functions, having regard to a combination of economy, efficiency and effectiveness.
3. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective delivering of its functions and putting in place arrangements for the management of risk.
4. The Council has in place corporate governance arrangements, and has adopted a local code of governance. This local code of governance is consistent with the “*Delivering Good Governance in Local Government*” publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), which was published in 2007.
5. This statement explains how Waverley Borough Council has complied with its code of governance, and how the Council met the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015, in relation to an annual review of the effectiveness of the Council’s systems of internal control, and the preparation and approval of an annual governance statement.
6. The Council acknowledges its responsibility for ensuring that there is a sound system of governance, incorporating the system of internal control.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

7. The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. The governance framework enables the Council to monitor achievement of its corporate priorities and to consider whether those objectives have delivered appropriate, cost-effective services.
8. The system of internal control is a significant part of that framework and is designed to manage risk to as low as possible level. It cannot eliminate all risk of failure to achieve the Council’s policies, aims and objectives, and therefore can 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 risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
9. The Council has had the governance framework described below in place for the year ended 31 March 2016 and up to the date of approval of the 2015/16 statement of accounts in September 2016.

3 THE GOVERNANCE FRAMEWORK

10. The purpose of the governance framework is to do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Full Council (meeting of all elected members) is responsible for directing and controlling the organisation in this manner. Full Council's responsibilities include agreeing the Constitution and key governance documents, the policy framework, key strategies, objectives and setting an annual budget.
11. The Council operates a 'Strong Leader' model of governance. The Executive is responsible for proposing the budget, policy framework and key strategies, and implementing them once approved by Full Council. The Overview and Scrutiny function acts as a vital check and balance on the Executive decision making and performance. The Audit Committee is the means of bringing independent, effective assurance into the Council's corporate governance arrangements.
12. The head of paid service (Executive Director), advises Councillors on policy and procedures to drive the aims and objectives of the Council. The Executive Director oversees the employment and conditions of staff and leads the Management Team. The Section 151 Officer (in statute, Section 151 of the Local Government Act 1972, is the officer responsible for financial administration), the Monitoring Officer (a statutory position) and Heads of Service are responsible for advising Full Council, Executive and Overview and Scrutiny Committees on legislative, financial and other policy considerations to achieve the Council's objectives, and are responsible for implementing the decisions of Full Council.
13. The governance framework for 2015/16 was based on the Waverley's local code of governance. Within the framework the Council aims to meet the principles of good governance in all aspects of its work, giving particular attention to the main principles:
 - Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area
 - Councillors and officers working together to achieve a common purpose with clearly defined functions and roles
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - Developing the capacity and capability of Councillors and officers to be effective
 - Engaging with local people and other stakeholders to ensure robust public accountability

3.1 THE STRATEGIC PLANNING FRAMEWORK

14. To ensure the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest, cost-effective and accountable manner, the strategic

planning framework incorporates residents' and service-providers' views as well as national and local priorities.

15. The Council's vision is: 'To make Waverley a better place to live and work'

This is supported by the Corporate Plan that sets out the Council's strategic objectives and corporate priorities. These are:

- Customer Service - "We will strive to make continuous improvement in customer service and engage, listen to and understand the needs of our residents."
- Community Wellbeing – "The wellbeing and prosperity of our varied communities is at the heart of everything we do. Through the provision of affordable housing, leisure and recreational facilities, support of older people and vulnerable families as well as support for local businesses we will endeavour to secure the well being of our communities."
- Environment – Waverley is a beautiful place to live and work and we want to make it even better. The Council has an important role in the stewardship of the land that we own and manage on behalf of others. Through the planning service we can influence and support the aspirations for development in our towns and villages. We will also invest in making Waverley a clean and sustainable place."
- Value for Money – "the Council faces enormous financial challenges over the next four years. We want to maintain and enhance our service delivery and will do this by careful financial management and planning."

16. This is achieved through the organisational values of Openness, Excellence, Fairness, Team Work and Taking Ownership.

17. The four-year Corporate Plan 2016-2019, guides decisions on how the Council invests financial and staffing resources. This plan determines the types of projects the Council supports through grant funding. Arising from the Corporate Plan, there are detailed work plans, identifying how each service undertakes specific activities to deliver the Council's priorities.

18. The Council's work with partners takes place both locally to address local issues and also through some formal partnerships, which may be either service specific or more broadly strategic. Key formal partnerships include:

- Surrey Community Safety Partnership - this focuses on joint working to reduce crime and the fear of crime, and addresses broader community safety issues affecting local people. It has an annual plan that sets out the partnership's key aims and objectives for the year and is available on the Council's Website.
- Surrey Counter Fraud Partnership - eight Surrey Councils have joined forces to tackle fraud. Key target areas include council tax, housing benefit and tenancy fraud and business rates evasion. The Councils all have access to a central hub for sharing information and data matching.

- Surrey Waste Partnership - is made up of Surrey County Council (SCC) and the 11 district and Borough Councils in the county. It aims to manage Surrey's waste in the most efficient, effective, economical and sustainable manner.
- Voluntary Sector Organisation Grants – Service level Agreements. These grants are made to organisations that support and contribute to the Councils corporate objective. Service level agreements are put in place and monitored quarterly in exchange for a three year funding commitment.
- Waverley Voluntary Partnership – is a co funded partnership with Surrey County Council to support organisations delivering health and well being within the voluntary sector.
- Surrey Hills Partnership – the aim of the Partnership is to raise awareness of the special qualities of the Surrey Hills landscape and to set out in the Management Plan common policies and priorities to conserve and enhance its natural beauty.

19. Our other key strategies include:

- the Council is developing its Local Plan to cover the period up to 2031
- the Council is encouraging Neighbourhood plans to work alongside the Local Plan
- the Council has set equality objectives in line with the requirements of the Equality Act 2010 and to support the delivery of the Council's Corporate Plan priorities
- the Council is boosting the local economy: partnership working is the key theme behind the Council's plans to ensure its towns thrive

3.2 PERFORMANCE MANAGEMENT FRAMEWORK

20. The Council sets performance targets to ensure the Council achieve its strategic objectives and corporate priorities set out in the Corporate Plan. Separately, the Council reports performance to the government in accordance with the governments prescribed single data list (common performance data).

21. The Council uses a performance management system to monitor progress against targets. This involves flagging actions that are behind target and where targets are not being met, the responsible Head of Service discusses options with their Director. In addition, the Council reviews performance at the end of the year and uses this to help set targets and actions for the coming years. This process is being aligned to fit with the budget setting process.

22. The Council has an individual development and performance review scheme focusing on agreement between managers and individuals of targets linked to service work plans. Throughout the year, staff members have meetings with their managers to review progress and discuss and plan personal development in line with the Council's objectives.

3.3 LEGAL FRAMEWORK

23. The Council's Constitution sets out how the Council is managed and guides decision-making towards objectives, and includes a set of procedure rules that govern how

business is conducted. It also includes protocols covering the disclosure of interests in contracts, and the relationship between officers and Councillors. The monitoring officer is responsible for ensuring the lawfulness of decision-making and maintaining the Constitution.

24. All decisions are made in accordance with the requirements of the Constitution and the scheme of delegation, which forms part of the Constitution. The monitoring officer will report to Full Council to consider if any proposal, decision or omission would give rise to unlawfulness, or to the Audit Committee if any decision or omission has given rise to maladministration.
25. In the role of Monitoring Officer, the Head of Policy and Governance contributes to the promotion and maintenance of high standards of conduct by Councillors. To this end, the Council's Constitution incorporates the Members Code of Conduct and any breach or complaint will be referred to the Standards Committee.

3.4 FINANCIAL FRAMEWORK

26. The Section 151 Officer is responsible for the overall management of the financial affairs of the Council. The Section 151 Officer determines all financial systems, procedures and supporting records of the Council, after consultation with Heads of Service. Any new or amended financial systems, procedures or practices are agreed with the Section 151 Officer before implementation.
27. Full Council is responsible for approving the treasury management strategy and for setting the revenue and capital budgets in February each year. Revenue budget setting includes both the calculation of the Council tax base and the surplus or deficit arising from the collection fund.
28. The treasury management strategy governs the operation of the Council's treasury function, and is reviewed at least annually or during the year if it becomes necessary to do so. This strategy includes parameters for lending and borrowing, and identifies the risks of treasury activity.
29. Council has overall responsibility for the implementation of the Council's financial strategies and spending plans, and is authorised to make financial decisions subject to these being consistent with the budget and policy framework and the Constitution.
30. Heads of Service are responsible for ensuring the proper maintenance of financial procedures and records, and the security of assets, property, records, and data within their service area.
31. The Executive Director, Directors and Heads of Service consult with the Head of Finance, Strategic Human Resources and the Head of Policy and Governance on the financial and legal implications of any report that they are proposing to submit to Full Council, a committee (or sub-committee), or Executive.

3.5 RISK MANAGEMENT FRAMEWORK

32. Risk management is important to the successful delivery of the Council's objectives. An effective risk management system identifies and assesses risks, decides on appropriate responses and provides assurance that the chosen responses are effective. The overall accountability for effective risk management in the Council lies with the Executive Director supported by the Heads of Service. The Council uses a standard risk management methodology which encompasses the identification, analysis, prioritisation, management and monitoring of risks.
33. Councillors have a responsibility to understand the strategic risks that the Council may face, and are made aware of how these risks are being managed through reports to the Audit Committee.
34. The Directors and Heads of Service are responsible for the identification, analysis and management of strategic risks and undertake regular reviews of those risks.
35. All line managers are responsible for implementing strategies at team level by ensuring adequate communication, training and the assessment and monitoring of risks. All officers are responsible for considering risk as part of everyday activities and provide input to the risk management process.
36. The Council also has business continuity management arrangements in place to ensure that priority services can continue to be delivered to our customers in the event of an unplanned disruption.

4 REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

37. The Council has responsibility for conducting, annually as required, a review of the effectiveness of its governance framework including the system of internal control. The Audit Committee discusses and agrees this Annual Governance Statement. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
38. The following highlights the Council's review of the effectiveness of the governance framework and sets out the assurances of committees, officers and external organisations.

4.1 REVIEW OF OBJECTIVES

39. Section 3.1 entitled *the strategic planning framework* sets out the Council's current strategic objectives as a result of a major review of the Corporate Plan for 2016/19 to ensure that the Council is doing the right things in the right way and for the right people. In doing this, the Council asked residents about their priorities. Each year the Council seeks feedback and reviews progress against the Corporate Plan to ensure that it is delivering against its objectives.

4.2 REVIEW OF PERFORMANCE MANAGEMENT AND SERVICE WORK PLANNING

40. The Directors regularly review operational performance in the main areas of Council activity. In addition, a performance management report is compiled on a quarterly basis

through consultation with Heads of Service as data owners and reviewed by the Directors. This report is also reviewed by members of the Overview and Scrutiny Committees and the Executive.

41. The report is widely read and feed back is received from Councillors and officers and is constantly evolving to reflect management requirements. The Council continues to ensure target projections are on track to deliver outcomes.
42. The Council continues to make significant progress and has implemented a performance management system based on clearly defined output deliverables and priorities.
43. The Council operates a strong approach to service work planning, ensuring that targets and actions are SMART (specific, measurable, achievable, realistic and time-bound). The Council has trained managers on strategic objective-setting and has briefed all staff on the process and importance.
44. As a further enhancement to the service work planning process, teams are promoting their successes using notice boards displayed throughout the office buildings.
45. The results of all of the approaches listed above (paragraphs 40-44) is that the Council has a strong focus on delivering priorities, managing performance against targets, and progressing actions.

Action: To cascade the four year corporate plan prepared and agreed in 2016 to staff and Stakeholders in 2016/17 and update progress annually

4.3 REVIEW OF LEGAL FRAMEWORK

46. The Constitution was reviewed during the year to ensure it was up to date. This included a review of the scheme of delegation. In order to ensure the efficiency of decision making within the budget and policy framework this was agreed by Full Council in July 2016.
47. A review was started of the Overview and Scrutiny function to broaden its remit.

Action: Review the Overview and Scrutiny remit.

4.4 REVIEW OF FINANCIAL FRAMEWORK

FINANCIAL REPORTING

48. Heads of Service review their finances with the assistance of the Finance team on a monthly basis, including forecasting outturn and identifying exceptions and corrective actions. This is reported to the Directors in a monthly budget monitoring report. The Executive receives an update at each meeting within the committee cycle. This is the opportunity for officers to obtain strategic guidance and budget adjustment approvals.

Action: Following the enhancement of the financial management system, develop service access to real time budget progress reports.

49. Budgetary control is subject to an internal audit review every three to four years. In addition, the budgetary control process is reviewed in audits of teams or service areas.
50. For all committee reports for which a decision is required, a “financial implications” section is included which details the actual, and potential, financial consequences of the decision being taken.
51. In September 2015 the Audit Committee approved the Council’s financial statements for 2014/15, and the Council’s external auditors issued an unqualified audit opinion.
52. Officers keep up to date with the latest accounting developments, which enable them to be prepared for the changes in accounting practice that affect the preparation and presentation of the financial statements. The Council subscribes to the CIPFA finance advisory network and accountants regularly attend these network events, enabling the Council’s accountants to prepare for changes to accounting requirements.
53. Each year’s accounts and annual audit letter are available to the public and are published on the Council’s website. These are available in accessible formats on request. To assist the public in understanding the accounts, there is an explanatory foreword in the financial statements that explains the purpose of the accounts and summarises the key messages arising from them. There is also a glossary of terms within the accounts to aid understanding.

BUDGET SETTING

54. Every year the Council sets a comprehensive and balanced budget, which allocates adequate resources.
55. The Council’s budget planning cycle is well established, starting in the autumn and builds up through a rigorous consultation, review and justification process in readiness for Full Council approval in late February.

MEDIUM TERM FINANCIAL PLAN

56. Each year the Council publishes a 4 year medium term financial plan. This is a forward-looking estimate of the Council’s budget requirement, and indicates the required level of savings and additional income generation needed in future years to balance the budget. This is based on assumptions of such critical factors as government grant funding, the level of investment interest, and inflation.
57. The budget proposal to Full Council each year includes a summary of the planned reserve balances for the duration of the medium term financial plan, including the assumptions underpinning the estimates of reserves. The Director of Finance and Resources in his capacity as Section 151 Officer makes a positive statement on the adequacy of reserves.
58. The Council communicates key messages from its financial planning process to staff, members and stakeholders such as the Local Business Forum, Town and Parish Council’s

and major Council support grant recipients during service level monitoring meetings. New staff complete an induction process that includes an introduction to local government finance. This makes staff aware of the Council's budgets and the financial pressures the Council faces.

TREASURY MANAGEMENT STRATEGY

59. The Council's treasury management strategy is approved annually by Full Council and sets out the Council's policy on managing its investments to ensure that the Council has sufficient funds to meet its needs, and that returns are maximised whilst maintaining the security of the Council's assets. The strategy has regard to the Code of Practice for Treasury Management, and the CIPFA Prudential Code. The Executive and Corporate Overview and Scrutiny Committee monitor performance against the strategy quarterly each year.
60. The Council's Treasury Management investments are derived from reserves and cash flow surpluses to generate interest income, which we use to support the revenue budget in year. Prudent budget estimates of interest are used when setting the medium term financial plan. Prolonged low interest rates in recent years have had an impact on the funding available to the Council.
61. The Corporate Overview and Scrutiny Committee and Executive are responsible for ensuring effective scrutiny of the treasury management strategy, policies and performance in accordance with the CIPFA Prudential code and CIPFA Treasury Management code.
62. All the arrangements detailed above demonstrate that the members and officers accept responsibility for the stewardship and use of resources and financial accountability.

COMMENT ON THE ROLE OF THE CHIEF FINANCIAL OFFICER

63. The Council has reviewed its financial management arrangements to ensure that they conform with the requirements of CIPFA's Application Note to Delivering Good Governance in Local Government on the *Role of the Chief Financial Officer in Public Service Organisations*.
64. The Section 151 Officer has a responsibility to ensure that an effective internal audit function is resourced and maintained. The Council requires its internal audit team to provide an effective service in accordance with professional standards, and internal audit officers must abide by the Institute of Internal Auditors Code of Ethics and receive suitable training and development to maintain the appropriate skills, experience and competence. The performance of internal audit is subject to quarterly review by the Audit Committee.

4.5 REVIEW OF COUNCILLORS' AND OFFICERS' DEVELOPMENT

65. Councillors are offered a comprehensive induction programme. Soon after their election, Councillors are invited to an induction to sign their declarations of acceptance of office, sign up to the code of conduct and meet the service teams. Training sessions on planning and licensing law have been held with needs assessment taking place in order to provide

further relevant training. Members of the Audit Committee also have a training programme.

66. Senior officers take part in induction sessions with all staff. The development opportunities for officers include support towards a nationally recognised qualification in their area of expertise. Attendees evaluate these programmes, provide feedback at the end of each session, and line managers review training during the development and performance review in the formal one to one process.
67. The Council will continue to develop Councillors' roles through a Councillor development programme. The programme will result in actions to develop the effectiveness of Councillors in their different roles and highlighting where decision making in Council and committee meetings can be more effective. The programme will encourage Councillors to engage in training to meet their needs as well as the Council's needs.

Action: To develop Councillors' roles through the Councillor development programme.

4.6 REVIEW OF INTERNAL AUDIT

68. Internal audit provides an objective opinion on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives. It assists the Council by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work.
69. The Internal Audit Client Manager contributes to the assurance process by commenting on the effectiveness and outcome of the programme of internal audits and the effectiveness of the internal control environment of the Council. The majority of internal audit services reviews are completed by the internal audit contractor RSM, with sensitive reviews and internal issues being dealt with by the Internal Audit Client Manager.
70. For the 12 months ended 31 March 2016, the Internal Audit Client Manager has given the opinion that the Council has an adequate and effective framework for risk management, governance and internal control based upon the audits completed. The recommended enhancements to the internal control environment were reported to the Audit Committee during 2016/17 and implemented.

Action : To Implement internal audit enhancements resulting from individual audits and report progress to Audit Committee.

71. Internal audit is committed to providing assurance on anti-fraud and corruption. During 2015/16, the Internal Audit and Fraud Investigation team has undertaken proactive anti-fraud compliance testing to evaluate whether the control environment is sufficiently robust and to highlight areas of concern with regards to fraud and corruption issues. A Corporate Fraud Risk Assessment has been completed and will be reviewed by the Audit Committee in September 2016.

72. The Internal Audit and Fraud investigation team have implemented a housing tenancy fraud initiative resulting in 7 properties being returned to housing stock and also prevented the loss of available Council properties where tenants made false declarations.

Action : To complete and cascade the corporate fraud risk assessment.

73. Where fraud has been perpetrated against the Council i.e. Supplier bank Mandate Fraud in the previous year 2014/15, controls were enhanced and new processes were put in place to prevent re-occurrence. In this respect where changes are made in relation to suppliers key data (bank details) these changes are now approved by the Head of Finance. Weekly reports are produced with full supporting documentary evidence giving the reason why the change is needed which is then approved and actioned.

74. No instances or allegations of fraud and corruption by officers, Councillors or partners/contractors was reported to the audit manager in 2015/16.

75. Internal audit provides assurance that it has complied with the CIPFA Code and a formal quality assurance programme continues to be in place. Internal audit completed a self-assessment against the code in 2015/16 to identify areas for further improvement and no actions were identified, this was reviewed by the Section 151 Officer. The next self-assessment will be completed in 2017/18.

Action: To assess the need for anti-fraud and corruption training for officers, members of staff and Councillors in 2016/17.

4.7 REVIEW OF RISK MANAGEMENT

76. The Council's risk management approach ensures that all risks are linked to strategic objectives, the likelihood and impact are assessed, the gross and net risks are identified and responsibility for mitigating actions is assigned to appropriate officers. The process requires the Directors and Heads of Service to review the strategic risk register and submit the register to the Audit Committee for review.

77. During the year the Directors identified dependence on partnerships as a strategic risk and this has been added to the strategic risk register.

Action: To review and update the risk management arrangements in 2016/17.

4.8 ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY, ANTI-MONEY LAUNDERING POLICY AND WHISTLEBLOWING POLICY

78. Internal audit's rolling audit plan includes areas such as gifts and hospitality and the register of interests. A pro-active anti-fraud review is completed each year, with all reasonable endeavours made to ensure the effectiveness of management processes and controls. The Council has raised the profile of the anti-fraud, bribery and corruption policy and the whistleblowing policy by increasing their visibility through inclusion on the Council's website.

79. The Council has actively participated in the National Fraud Initiative; publicises successful cases against fraud; has effective working arrangements; and shares

intelligence with relevant partner organisations e.g. other Surrey Authorities, Other Housing providers, the Police, etc. The Council has a good record of investigating tenancy fraud and other fraud issues that may arise. It undertakes active recovery and ensures policies are applied consistently.

80. The internal control arrangements in place include the Council's Constitution, the provision of an internal audit service, the presence of an active Audit Committee, transparent governance reporting through an assurance framework, and compliance with relevant laws and regulations.
81. The Council has an anti-money laundering policy and procedure and has designated the Head of Finance to be the Council's anti-money laundering reporting officer.
82. In 2014, the Council reviewed the anti-money laundering policy. At the same time the anti-fraud and corruption policy was updated to build in the requirements of the Bribery Act 2010. During 2016/17 the anti-fraud, bribery and corruption policy, prosecution policy, whistleblowing policy and anti-money laundering policy will be reviewed and updated.

Action: To review the anti-fraud, bribery and corruption policy, prosecution policy, whistleblowing policy and anti-money laundering policy in 2016/17, and the inclusion of anti-fraud and corruption arrangements in induction packages for new employees.

4.9 REVIEW OF BUSINESS CONTINUITY

83. The Council continually reviews its business continuity response which provides assurances and highlights areas for improvements in light of any changes made to its office accommodation and IT infrastructure. The Council's IT disaster recovery arrangements are tested and reviewed.
84. The Council constantly monitors its IT Security, Data Protection and systems resilience. A failure in compliance could result in access denial to key electronic public sector information resources. The Council has adopted a Data Protection guide and an IT Acceptable Use Policy and the IT network security complies with the Public Services Network security requirements and Basic Disclosure screening for staff before accessing the network.
85. Business continuity contingency and recovery plans are actively maintained by the Council. Important IT systems and data are backed up continually to an off site facility. IT security is also taken seriously. There are at least two external IT network penetrations tests conducted each year and a Public Sector Network Code of Connection compliance test schedule and certification completed every year.

Action: To review the disaster recovery and business continuity arrangements.

4.10 REVIEW OF AUDIT COMMITTEE

86. The Audit Committee undertakes the core functions of an audit committee as set out in CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police (2013).

The Audit Committee produced its annual report for 2015/2016 which was presented to Council at the July 2016 meeting.

4.11 REVIEW OF OVERVIEW AND SCRUTINY COMMITTEE

87. The Overview and Scrutiny Committees continue to help develop Council policy and review performance in meeting Council objectives, and holds the Executive to account for its decisions.

4.12 REVIEW OF MEMBERS' CODE OF CONDUCT

88. A new code of conduct came into effect on 2014. The Council agreed that the Standards Panel would assume responsibility for dealing with code of conduct and complaints in relation to Councillors. As the need arises, officers have delivered briefings and advice on the code to district and parish and town Councillors as well as to parish and town clerks.

89. The Councils Monitoring Officer decides what action to take on complaints against Councillors. The monitoring officer referred relevant cases to the Standards Committee. The Standards Panel met twice during the year.

4.13 EXTERNAL SOURCES OF ASSURANCE ON THE GOVERNANCE FRAMEWORK

90. Issues raised by Waverley's external auditor, and other external inspectors are used to identify improvement areas in governance arrangements. Grant Thornton was appointed as the Council's external auditor from 1 April 2010 and continues until 31 March 2019.

91. The Council prepares its accounts under International Financial Reporting Standards and Grant Thornton issued an unqualified opinion on the Council's 2014/15 financial statements in September 2015.

CERTIFICATION OF ANNUAL CLAIMS

92. In March 2016, the Audit Committee considered the annual certification report 2014/15 from the Council's external auditor, Grant Thornton. This looked at the sums the Council claimed from the government in grants and subsidies and checked whether the Council had correctly accounted for these in its returns to government. Grant Thornton had certified Housing Benefit subsidy claim worth £30.5m. A qualification letter was issued on 30 November 2015 in respect of this claim covering a small element amounting to £4,165. The Department for Work and Pensions has confirmed that there is no adjustment required.

LOCAL GOVERNMENT OMBUDSMAN

93. The Council has a Corporate Complaints Procedure which describes how complaints can be made and how the Council will deal with them. Waverley has adopted a three stage approach to ensure that if the complainant is dissatisfied with the initial response they can have the complaint investigation reviewed:

- Stage 1 – Complaints dealt with by the contact officer
- Stage 2 – Complaints dealt with by the Head of Service

- Stage 3 – Complaints dealt with by the Executive Director

If the complainant is still dissatisfied they can request that their complaint is examined by the Local Government Ombudsman. Since April 2013 Housing complainants who have exhausted Waverley's procedure and remain dissatisfied with the response are able to raise their complaint with the Housing Ombudsman.

94. During the year there were in total 467 complaints received across all three stages including the Ombudsman. Of this 69 were at level three and Ombudsman.
95. The Local Government Ombudsman provides summary information on complaints about the Council to enable it to incorporate any feedback into service improvement.
96. At its meeting in January 2016, the Corporate Overview and Scrutiny Committee considered the Ombudsman's letter for the period 1 April 2014 to 31 March 2015. During 2014/15 the Local Government Ombudsman determined 21 complaints and found no evidence of maladministration by the Council. The Housing Ombudsman investigate one complaint by a tenant and it resolved that Waverley Borough Council had provided all the necessary information to the tenant, although as there was a delay in providing the solution a compensatory payment of £100 was agreed by both parties.

5 PRODUCTION OF THE ANNUAL GOVERNANCE STATEMENT

97. The publication of the Annual Governance Statement represents the end result of the review of the effectiveness of the governance framework. Corporate involvement in the production of the Statement included:
 - **Directors and Heads of Service** – Throughout the year the Directors and Heads of Service have scrutinised all key governance reviews prior to being reported to Members – including HR policies, fraud strategy, risk management policy and review of risk registers, review of Standards Committee and internal audit plans.
 - **Statutory Officers** - The S151 Officer and Monitoring Officer have been involved in all key governance issues during the year and the S151 Officer reports on arrangements to the external auditors to meet international audit requirements. The Monitoring Officer is a key member of the corporate governance officer group that prepares the Annual Governance Statement.
 - **Audit Committee** - The Committee has considered key aspects of the Governance Framework during the year including revised policies such as Risk Management, Whistleblowing, Corporate prosecution, Anti-fraud, Anti-corruption and Anti Bribery. Whilst supporting Waverley's participation in the National Fraud Initiative and working collaboratively with other Surrey authorities as part of the Surrey Counter Fraud Partnership co-ordinated by Surrey County Council.
 - **Heads of Service** – Have been involved in considering risks, HR policies and fraud reviews.

- **Leader of the Council & Executive Director** - The Annual Governance Statement 2015/16 will be signed by the Leader of the Council and the Executive Director.

6 SIGNIFICANT GOVERNANCE ISSUES

98. Whilst no specific significant governance issues have been identified and key areas for review were completed in the previous year, officers continue to identify scope for further improvement in future. Where these have been identified, they are included as actions under the respective topic.

7 LEVEL OF ASSURANCE

99. This Annual Governance Statement demonstrates that the systems and processes that comprised Waverley's governance arrangements during 2015-16, and which remain in force, provided, and continue to provide a comprehensive level of assurance to the Council.

8 CERTIFICATION

100. This Governance Statement has been prepared by officers with knowledge of the key governance issues. They have compiled a list of items of evidence to support an assessment against the Council's Code of Corporate Governance and to support the actions mentioned above. That assessment has been referred to in the preparation of this Governance Statement, which also draws upon the knowledge and understanding of those officers.

We therefore commend the Governance Statement to the Audit Committee for approval.

Signed

Leader of the Council

Executive Director