Annual Governance Statement 2018/2019

1. Introduction

The Council is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

The Leader of Waverley Borough Council (the Council) (Cllr ???) and the Chief Executive (Tom Horwood) acknowledge responsibility for ensuring that there is a sound system of governance and internal control when managing and delivering the vision set out in the Corporate Strategy.

Each year the Council is required to produce an Annual Governance Statement (AGS) by the Accounts & Audit (England) Regulations 2015, to be published alongside the Statement of Accounts. The AGS is in accordance with Delivering Good Governance in Local Government: Framework (2016) issued by CIPFA/SOLACE. There were no changes to the legal framework or CIPFA guidance for 2018/2019.

The AGS describes how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. It also documents key changes and developments within the Council's governance framework during the financial year up to the date of approval of the Annual Financial Report.

This AGS was considered by the Audit Committee at its meeting on 22 July 2019.

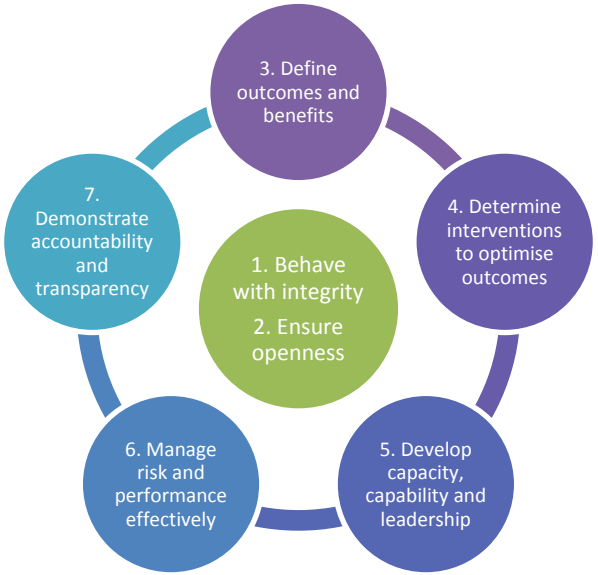
2. What is Corporate Governance?

Corporate governance generally refers to the systems and processes by which organisations are directed, controlled, led and held to account. Waverley's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and transparent manner;
- makes sure public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk; and
- secures continuous improvements in its governance.

The Council's framework brings together legislative requirements, good practice principles and management processes.

The Council's Corporate Governance is consistent with the principles set out in the Delivering Good Governance Framework. The principles are summarised below. Principles 1. and 2. have an overarching effect on the outcome of all other principles.



3. The Principles – A Summary

The Council aims to achieve good standards of governance by:
Principle 1 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
• Having codes of conduct which define standards of behaviour for members and all staff, supported by more detailed policies for ethical values such as whistleblowing and conflicts of interest. • Ensuring compliance with relevant laws and regulations, internal codes, policies and procedures. • Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.
Principle 2 - Ensuring openness and comprehensive stakeholder engagement.
• Demonstrating, documenting and communicating the Council's commitment to openness and accountability in acting in the public interest. • Establishing clear channels of communication with the community and other stakeholders, and encouraging open consultation. • Ensuring an effective scrutiny function is in place.
Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
• Developing and communicating a vision which specifies intended outcomes for residents and service users and is used as a basis for planning.
Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
• Translating the vision into courses of action for the Council, its partnerships and collaborations. • Reviewing the effectiveness of the decision-making framework, including delegation arrangements and robustness of information. • Quarterly performance monitoring of services and projects to ensure the Council achieves its agreed vision as planned.
Principle 5 - Developing the Council's capacity, including the capability of its leadership and the individuals within it.
• Clearly defining the roles and responsibilities of members and officers, with protocols to ensure shared understanding of roles. • Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function. • Providing inductions, training and development to give all the appropriate skills, knowledge, and support to fulfil their roles and responsibilities.
Principle 6 - Managing risks and performance through robust internal control and strong public financial management.
• Risk Management is an integral part of all activity and is considered in decision making in accordance with the Council's Risk Appetite. • Service delivery is monitored through financial management review and quarterly reporting to ensure service plan delivery is on target. • Internal controls are independently reviewed by Internal Audit when carrying out assessments of key activity areas.
Principle 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
• Meetings and decisions are available on the Council's website along with other transparency information such as quarterly performance reviews. • Undertaking the core functions of an audit committee to provide good governance. • The Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

4. How do we know our arrangements are working?

Corporate Governance requires providing assurances on:

- Delivery of Corporate Strategy priorities
- Services being delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effectiveness of internal controls
- Community engagement and public accountability
- Shared service governance
- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Training and development of Members and Officers
- Compliance with laws and regulations, internal policies and procedures
- Secure and comprehensive record keeping

The Council gains assurance through having:

- Constitution (including scheme of delegation)
- Democratic arrangements – Council, Executive, Scrutiny Committees, Audit Committee and Standards Panel
- Head of Paid Service, Monitoring Officer and S151 Officer
- Management Board and Heads of Service Team
- Corporate Strategy and service plans
- Medium Term Financial Strategy
- Financial Regulations
- Contract Procedure Rules
- Capital Strategy
- Performance management framework (regular reporting)
- Risk management framework
- Project management methodology
- Customer Service Strategy
- Complaints system
- HR policies and procedures
- Whistleblowing and other countering fraud arrangements
- Member and Officer training and development
- Internal and External audit scrutiny
- On-going review of governance
- External reviews and inspectorate reports
- Customer feedback
- Staff surveys
- Community consultations

5. The Council: How it works

All Councillors meet together as the Full Council six times a year. All meetings are open to public but occasionally some items subject to confidentiality rules are held in exempt.

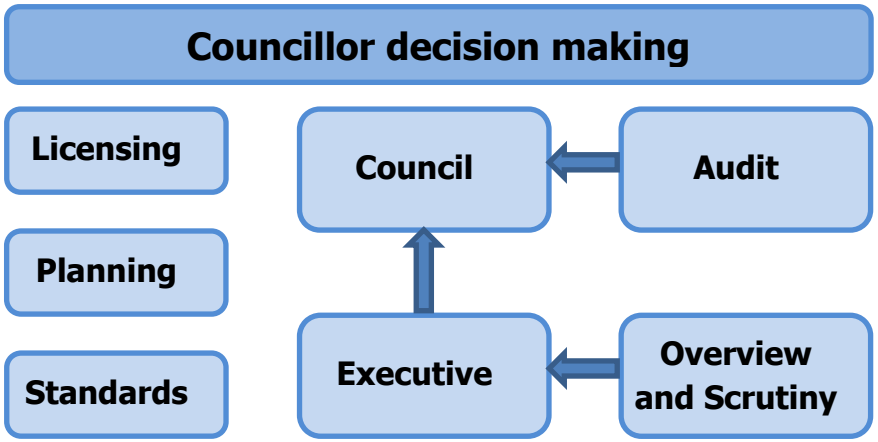
The conduct of the Council's business is defined by formal procedures and rules, which are set out in the Constitution. The Constitution also explains the roles and responsibilities of the Executive, Scrutiny and Officer functions.

The 'Scheme of Delegation' sets out the basis officers may take decisions under delegated authority. The Council also follows codes of Financial Management and Procurement and maintains a Code of Conduct for Councillors.

The Chief Executive is the Council's Head of Paid Service and is responsible for how the Council operates. He is assisted by the Management Board. The Council is required to appoint a Monitoring Officer whose role includes ensuring that decision making is lawful and fair.

The Council and its decisions are open and accessible. All reports requiring a decision are considered by appropriately qualified legal and finance staff before being considered by relevant decision making forum.

In meeting the requirements of the Local Government Transparency Code 2015 the Council has also published on its website a wide range of 'open data' and information.



- Licensing – considers issues relating to taxis, entertainment, alcohol, food premises and miscellaneous licensing functions.
- Planning – makes decisions on development control issues, including applications for planning permission.
- Standards – independent committee responsible for member conduct and the constitution.
- Audit – independent committee responsible for issues of audit, risk and governance.
- Overview and Scrutiny – intended to help develop and review policy and holding the Executive to account publicly by calling-in and scrutinising decisions made by the Executive.
- Executive - appointed by the Leader, responsible for proposing new policy, putting the budget to the Council and implementing and delivering the agreed policy framework and budget.
- Council - 57 elected Councillors, covering 29 wards. Appoints the Overview & Scrutiny and other committees. Approves the policy and strategic framework and budget.

5.1 Changes in governance during the year

At the Annual Full Council meeting on 15 May 2018, The Council elected a new Mayor and Deputy Mayor and agreed the nominations to the principal committees and area planning committees for the 2018/2019 year.

At the 17 July 2018 Full Council meeting, it was agreed to designate the Standards Panel as the Standards Committee, with membership being allocated on a politically proportionate basis (no change in seats or membership was required as a result of this change). At that meeting, Council also agreed to clarifications in in the Council's Constitution in respect of the Joint Planning Committee, and also noted changes to the proportional allocation of seats of principal committees and the Western Area Planning Committee in light of the by-election for the Farnham Castle Ward.

Following the resignation of one councillor from the Council's Audit Committee, the Monitoring Officer, under paragraph 52c of the Waverley Scheme of Delegation, appointed a new member to the Audit Committee on 19 October 2018. This was noted by the Full Council at their 31 October 2018 meeting.

Membership of the Executive and allocation of portfolios by the Leader of the Council was revised on 15 May 2018 and 23 October 2018.

At the 11 December 2018 Council meeting, governance arrangements for the allocation and spending of Community Infrastructure Levy (CIL) receipts were approved as was the establishment of a CIL advisory board.

Corporate Strategy

The Council adopted a new Corporate Strategy for 2018-2023 in July 2018. The Corporate Strategy provides the Council with direction, priorities and key objectives. Objectives are being delivered through annual service reviews agreed with Members and monitored and reported regularly.

5.2 Resolution of significant governance issues in 2017/2018

The Council's approach to recording and reporting air quality came under scrutiny in 2017/2018. Action was taken to address this issue.

5.3 Significant operational events in 2018/2019

Capital Strategy – the Council adopted a Capital Strategy in March 2018 to provide a framework for planning and decision making to ensure capital expenditure and investment decisions are affordable, prudent and sustainable. It brings together detailed policies, procedures and plans relating to cash investments and property assets.

Risk Management – through in-house training and facilitated workshops Members of the Executive, Audit Committee and senior management received practical guidance to develop the Council's Risk Management Strategy. A Risk Appetite Statement was adopted in March 2019 which documents the amount and type of risk that the Council is willing to take in order to achieve its strategic objectives whilst ensuring risks are managed and do not expose the Council or its stakeholders to an unacceptable degree of risk exposure.

Budget Strategy Working Groups – the Customer Service and VFM Overview & Scrutiny committee established a Budget Strategy Working Group in order to drive forward the Medium Term Financial Plan (MTFP) initiatives. The working group will drill down into areas identified for detailed examination to make recommendations to the Executive on budget and policy issues that will add more strategic value than focusing on ad hoc service budget scrutiny.

Community Infrastructure Levy (CIL) – CIL is a tariff system that enables contributions to be collected from development to contribute towards the funding of infrastructure. This was adopted and implemented with effect from 1 March 2019.

Planning Review – The Council underwent an LGA Planning Peer Review during the year.

Strategic Review – following the Strategic Review undertaken in 2016/2017 the following was adopted as a result of the findings report and recommendations:

- Economic Strategy 2018-2023

HR Strategy 2018-23 – this was developed to align with the Corporate Strategy and outlines the plans within HR, Learning & Development, Recruitment and Payroll to recruit, develop and retain staff, and to support them to work in ways to deliver council services in an effective 21st century council.

Annual Financial Report – the Council successfully moved to the new statutory deadline for accounts closure by the 31 May and audit sign off by the 31 July.

5.4 Other governance issues arising during 2018/2019 include:

Judicial Reviews – In October 2018, two linked High Court Challenges against the Council's Local Plan and a further challenge against the Secretary of State's decision to grant planning permission for a settlement of 1,800 homes at Dunsfold Aerodrome were successfully defended by the Council. Deputy High Court Judge Ms Natalie Lieven QC dismissed all claims.

The officers and the Audit Committee members have reviewed the governance arrangements and no further significant governance issues were identified.

6. Audit Committee seeking assurance

The Audit Committee has responsibility for requesting and receiving reports that deal with issues that are key to good governance. It met four times in 2018/2019, considering a wide range of governance issues.

Audit Committee Work Programme for 2018/19			
July 2018	**September 2018**	**November 2018**	**March 2019**
Review the progress of the Internal Audit Plans for 2017/18 and 2018/19	Review the progress of the Internal Audit Plan for 2018/19	Review the progress of the Internal Audit Plan for 2018/19	Review the progress of the Internal Audit Plan for 2018/19
Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations
Review the External Audit Findings Report	Recommends to Council that the Tax Strategy be approved	Review of the Corporate Risk Register	Review of the Audit Committee Terms of Reference
Consider and approve the Statement of Accounts 2017/18	Receives and comments on Annual Audit Letter for 2017/18 from Grant Thornton	Review and recommend amendments to the Audit Committee Terms of Reference	Supplementary Estimate Process report
Consider and approve the Annual Governance Statement for 2017/18	Consider and recommend the adoption of the update to Financial Regulations	Interim consideration of Annual Governance Statement issues	Draft Annual Governance Statement for 2018/19
Comment on the new Information Governance Strategy and endorse approach to Information Governance	Recommend amendments to Contract Procurement Rules		Approve proposed Internal Audit Plan for 2019/20
Consider and approve the Letter of Representation for 2017/18	Review and revision of the Internal Audit Charter		Receive the External Audit Grants and Returns Certification Report
Review the Annual Internal Audit Report	Review of the Audit Committee Terms of Reference		Review External Audit proposed External Audit Plan for 2019/20
	Note Audit Committee Activity Report for 2017/18		Review of Anti-fraud policies
			Review of the Corporate Risk Register

The Audit Committee considers each year how effective it has been in overseeing the Council's governance arrangements and submits an annual report to Council that summarises its work and allows the Council to take comfort that key governance processes are being reviewed.

7. Managing key risks

All Councillors and officers are responsible for ensuring that risk implications are considered in the decisions they take in accordance with the Council's 'risk appetite' as detailed in the Risk Appetite Statement.

The successful delivery of the Corporate Strategy Objectives depends on the Council's ability to manage and tolerate risk where it cannot be eliminated altogether. Significant risks that may be potentially damaging to the achievement of the objectives are recorded in the Corporate Risk Register.

Senior Managers regularly review and update the Strategic Risk Register and are required to positively state the level of assurance they can place upon the controls that mitigate risks. If the residual risk exceeds the 'risk appetite', managers are required to consider whether cost effective actions that will reduce the likelihood and/or impact of the risk occurring can be introduced. The Risk Register is reviewed by the Audit Committee and used to inform the Internal Audit Plan for annual audit planning.

The Audit Committee will continue to review the governance arrangements to ensure they are fit for purpose in managing key risks.

8. Managing the risk of fraud

The anti-fraud, bribery and corruption policy, prosecution policy, whistleblowing policy and anti-money laundering policy were reviewed, updated and agreed by the Audit Committee in March 2019. Any issues raised relating to these policies are dealt with by the appropriate responsible officers in accordance with the requirements of each policy. The policies are available on the Council's website and intranet.

The Council has in place a resource to investigate and deter fraud, in particular, in relation to housing tenancy fraud where used for personal gain by the tenant. This work results in freeing up properties to be made available for others on the waiting list for social housing.

9. Anti-Fraud and Corruption Statement

Waverley Borough Council is committed to the highest possible standards of honesty, openness and accountability.

It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.

The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

10. Responsible Chief Financial Officer

A Strategic Director is the Responsible Chief Financial Officer (CFO) and the Section 151 Officer. The CFO has responsibility for delivering and overseeing the Council's financial management arrangements and has responsibility for the Finance Team and Internal Audit. The role conforms to the good practice requirements in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The CFO has been involved in reviewing the governance framework and preparing this Statement and is satisfied with the arrangements that are in place for managing finances, considers the system of internal control works effectively and that no matters of significance have been omitted from this Statement.

11. Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and External Auditors (Grant Thornton LLP).

12. Internal Audit

The Council considers its Internal Audit Service to be a key component of its governance framework that:

- Provides independent, risk-based and objective assurance, advice and insight to the Council on its operations
- enhances and protects value, by assisting management improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Each year the Audit Committee review the Internal Audit Charter (which sets out the internal audit role and its responsibilities and clarifies its independence) and align it to the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit Manager reports to the Strategic Director (Section 151 Officer) but to maintain independence and objectivity of the Internal Audit service also has direct access to the Chief Executive, the Audit Committee and its Chairman.

The Internal Audit Manager has stated in their Internal Audit Annual report that there were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

One of the key assurance statements the Council receives is the annual Internal Audit report. This report includes the opinion of the Internal Audit Manager on the Council's control environment based on the work that has been completed throughout the 2018/2019 year.

The opinion for the 12 month period ending March 2019 is shown below:

- The organisation has an adequate and effective framework for risk management, governance and internal control.
- The internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

The Internal Audit Manager is not aware of any significant changes having occurred across the Council's internal control environment between April 2018 and the approval of this Statement.

13. External Audit

The Council's external auditors are appointed by Public Sector Audit Appointments Limited (PSAA). Grant Thornton LLP were appointed by PSAA to undertake the Council's external audit.

The external auditor has issued an unqualified opinion on the Council's arrangements for securing economy, efficiency and effectiveness (value for money) and in the use of its resources.

13. Level of Assurance

This AGS demonstrates that the systems and processes continue to provide a comprehensive level of assurance to the Council in its governance arrangements during 2018/2019.

14. Certification

The Council's framework of governance comprises all the detailed strategies, policies and procedures that are in place to achieve good governance. These are used in delivering the objectives set out in the Corporate Strategy and to which officers work to in carrying out their responsibilities on behalf of the Council. This AGS has been prepared by those with knowledge of the key governance issues who are satisfied that the Council's framework complies with the principles set out in the Delivering Good Governance Framework.

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

?	Tom Horwood
Signed	Signed
Leader of the Council	Chief Executive
Dated ?? July 2019	Dated ?? July 2019