

## ANNUAL GOVERNANCE STATEMENT

### Part 1 – Scope of responsibility

SSDC is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for;
- public money is used economically, efficiently and effectively.
- there is a sound system of governance incorporating the system of internal control.

SSDC 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, SSDC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

SSDC has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework “*Delivering Good Governance in Local Government*”. A copy of the code can be obtained on request. This statement explains how SSDC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on annual governance.

### Part 2 – The purpose of the governance framework

The governance framework comprises the systems and process, and culture and values, by which the authority is directed and controlled and its 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.

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 that is designed to:

- identify the risks and prioritise the actions to achieving policies, aims and objectives;
- evaluate the likelihood of those risks occurring;
- assessing the impact should those risks occur;
- managing the risks efficiently, effectively and economically.

The governance framework has been in place at SSDC for the year ended 31 March 2010 and up to the date of approval of the annual report and statement of accounts.

### **Part 3 – The governance environment**

The key elements of SSDC's governance arrangements are outlined in the Local Code of Corporate Governance. The main areas and the key areas of evidence of delivery are as follows:

#### **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

- The Corporate Plan sets out the priority areas for South Somerset District Council and links these priorities to the National Indicators, Local Area Agreement targets, and Sustainable Community Strategy targets.
- The Sustainable Community Strategy has been produced through the LSP (South Somerset Together) in consultation with our partners and sets out the long-term goals for the community and the key issues that need to be addressed in the future.
- Service Plans are updated annually and cover the period of the Corporate Plan. These are linked to the Corporate Plan and identify the performance measures and targets that will be used to ensure the services achieve the agreed objectives.
- Guidance has been produced to facilitate partnership working and the Partnership Register was updated in March 2010 to reflect the key, significant, and minor partnerships that South Somerset District Council has.

#### **Members and officers working together to achieve a common purpose with clearly defined functions and roles**

- The three statutory officers (Head of Paid Service, Monitoring Officer and s151 Officer) regularly meet as a Corporate Governance Group.
- Regular weekly meetings between the Leader and Chief Executive in order to maintain a shared understanding of roles and objectives.
- An arrangement with East Devon District Council has been entered into to share a Chief Executive through a Section 113 agreement outlining the detail of function and role.
- Protocols developed and enforced to ensure effective communication between members and officers in their respective roles.
- Portfolio Holders produce annual Portfolio Holder Statements outlining achievements for the previous year and targets for the following year.
- There is a clear scheme of delegation for officers and members within the Constitution.

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### **Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

- The financial management of the Council is conducted in accordance with the rules set out in Part 4 of the Constitution.
- The Council maintains an Internal Audit Service through the South West Audit Partnership (SWAP) that operates to standards specified by the Institute of Internal Auditors (IIA) and the Chartered Institute of Public Finance Accountants (CIPFA).
- A self-assessment questionnaire has been completed on ethical governance and the results will be used to assist the Standards Committee to identify and concentrate on those areas that require further development, improvement or support.
- Communication through Sounding Board lunches (this will be replaced by staff awareness sessions in 2010), ListenUp, Insite, and Team Brief.

### **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

- The Council has adopted a Constitution that sets out how it operates, how decisions are taken and the procedures to follow.
- The District Executive facilitates decision-making and its Sub Committees, four Area Committees and meetings are open to the public except where personal or confidential matters are disclosed.
- Portfolio Holders can make decisions under delegated authority and these are fully publicised. Senior officers can also take decisions under delegated authority.
- Regulation Committee determines planning applications that are referred from Area Committees.
- The Council publishes a Forward Plan that provides details of key decisions to be made by the Council and its committees.
- Area Committees also hold regular workshops where local issues are identified and discussed; Area Action Plans are then established to target specific needs.
- The Council has approved a Risk Management Policy that identifies how risks are managed.
- Responsible officers are required to maintain their part of the Risk Register.
- All Assistant Directors have the following included within their job descriptions, "Lead the service(s) in a full and comprehensive understanding of risk, risk assessment and risk management as it relates to the operational areas relevant to the service(s)."

### **Developing the capacity and capability of members and officers to be effective**

- The Council looks to develop skills on a continuing basis to improve performance both of officers and members through the Staff Development and Review process and the use of training and development plans.

- Succession planning encourages participation and development for members and officers.
- Comprehensive member training and development programme recognised through attainment of the “Charter for Member Development.”
- An induction programme is in place for all new staff.
- Clear job descriptions and personal specifications are in place for all roles.

### **Engaging the local people and other stakeholders to ensure robust public accountability**

- Area Committees ensure further local accountability and local access.
- Budget consultation has been carried out with the public and key stakeholders.
- Stakeholder input into the Sustainable Community Strategy and Corporate Plan.
- Area forums and finance set up to allocate financing for local needs.
- Area action plans are in place to deliver local priorities.
- A summarised Statement of Accounts is sent to every household explaining the key financial areas to the public.

### **Part 4 – Review of effectiveness**

SSDC 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 SWAP, the Corporate Governance Group, Management Board and the Corporate Performance Team, who have responsibility for the development and maintenance of the governance environment.

The process that has been applied to maintaining and reviewing the effectiveness of the governance framework includes:

- The monitoring officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are adequate. The Council reviews the constitution annually through its Standards Committee.
- The Council has an Overview and Scrutiny Committee that can call in any decision made by an Executive Committee before implementation. This enables them to consider whether or not the decision is appropriate. Pre-decision scrutiny has evolved to aid in the decision making process.
- The Audit Committee reviews the Annual Statement of Accounts, the Review of the Effectiveness of Internal Audit, and the Annual Governance Statement. It monitors the performance of internal audit quarterly and agrees the Internal and External Audit Plans. It reviews specific parts of the Constitution and makes recommendations on any amendments to full Council. It also has a call in role for any service that receives a “partial” or “no assurance” audit opinion and monitors the action plans are completed through regular reports from the Service Manager and Assistant Director.

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- Internal Audit through SWAP is responsible for monitoring the quality and effectiveness of systems of internal control. The Audit Service has a Charter approved by the Council and there are no restrictions on the scope of their work. A risk model is used to formulate the plan and approved by the Audit Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the Service Manager with copies to the relevant Assistant Director, Assistant Director – Finance and Corporate Services, Assistant Director - Legal and Corporate Services, and Chief Executive. All audit reports include an ‘opinion’ that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports include recommendations for improvement that are detailed in an action plan that is agreed with the service manager.
- Internal Audit (SWAP) is subject to regular inspection by the Council’s external auditors who place reliance on the work carried out by Internal Audit.
- For performance management, a ‘traffic light’ monitoring and reporting system is in place reporting quarterly to the Executive Committee.
- The Council’s Financial Procedure Rules are kept under continuous review and revised periodically – the last review was approved in July 2009.
- In January 2008 the Council participated in a voluntary reassessment of the Comprehensive Performance Assessment and increased its assessment to “Good”.
- Each Manager, Assistant Director, and Director is required to review their adherence to the governance framework and demonstrate compliance through reviewing and signing a Statement of Internal Operational Control. Each return is assessed by the Group Auditor and S151 Officer for compliance and any apparent organisational improvements are included in the Governance Action Plan.
- Audit Committee has been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In its review the Authority has assessed its overall governance arrangements as reasonable. This has been assessed through a review of SSDC’s governance arrangements as outlined in the diagram at Appendix A.

### Part 5 – Significant governance issues

A number of actions are planned to strengthen the control framework and will be monitored by the Audit Committee during 2010/11:

- A robust framework will be embedded for the monitoring and collection of **S106 contributions**;
- Ensure awareness and compliance with **Government Connect** through all staff completing learning pool modules;
- Provide further training for staff on the **Use of Information Technology Policy** to ensure all staff are aware and comply with the policy;

- Introduce training and awareness refreshers for the **Corporate Performance Team** on **Risk, Local Code of Corporate Governance**, and best practice in **Service Planning**;
- To use the results of the **Ethical Governance Survey** to identify and concentrate on those areas requiring further development, improvement or support.
- Produce a **Fraud and Data Strategy** to link all anti-fraud work and improve officer awareness of **anti-fraud** and **whistle blowing policies**.

The Authority is satisfied that these steps will address the issues highlighted in 2009/10 and further improve governance arrangements at SSDC.

**Signed on behalf of SSDC:**

Donna Parham  
Assistant Director – Finance and Corporate Services

Mark Williams  
Chief Executive

Cllr Tim Carroll  
Leader