

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****21 JUNE 2018****CORPORATE GOVERNANCE****Report of the Corporate Director, Strategic Resources****1.0 PURPOSE OF REPORT**

- 1.1 To note progress on Corporate Governance related matters.

2.0 BACKGROUND

- 2.1 Previously, the Framework Delivering Good Governance in Local Government, published by CIPFA in association with SOLACE in 2007, set out the standard for local authority governance in the UK. CIPFA/SOLACE carried out a review of this Framework and Guidance and has consequently published an updated version called the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.
- 2.2 According to the Terms of Reference of the Audit Committee, its role in respect of Corporate Governance is:
- (i) to assess the effectiveness of the authority's Corporate Governance arrangements
 - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the authority
 - (iii) to approve the Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund
 - (iv) to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers
 - (v) to review the arrangements in place for ensuring good governance in the County Council's key partnerships and owned companies.
- 2.3 In relation to (i), (ii) and (v) above, reports are submitted at regular intervals during the year as set out in the Programme of Work and item (iii) is considered as part of the report relating to the Statement of Accounts. Issues

are addressed by the respective Corporate Director alongside a report on internal audit work relating to that Directorate which is produced by the Head of Internal Audit.

3.0 LOCAL CODE OF CORPORATE GOVERNANCE

- 3.1 At the last meeting of this Committee it was resolved that the updated Local Code of Corporate Governance be recommended for collective formal approval by the Chief Executive, the Leader of the Council, , the Executive Member for Central Services, the Corporate Director - Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services). The Local Code was approved and as a result the updated Local Code is now available on the County Council website.

4.0 ANNUAL GOVERNANCE STATEMENT 2017/18

- 4.1 The Annual Governance Statement (AGS) has been updated to reflect the current status of governance and internal control arrangements which continue to be fit for purpose within the County Council. It also provides an assessment of the effectiveness of the Council's governance arrangements in supporting the planned outcomes. However it is recognised that there are some identified areas that require attention to address weaknesses and/or external challenges. Some of the challenges are a feature of the Council facing delivery of a range of statutory services in a climate of ongoing public sector austerity.
- 4.2 The draft AGS accompanies the Statement of Accounts (SoA) and can be seen in the report shown as Statement of Accounts 2017/18 on this Committee meeting's agenda.

5.0 DEVELOPMENTS IN 2016/17

- 5.1 Although the responsibility for managing the day to day aspects of the Corporate Governance agenda belong to the Executive and the Management Board, wider Members also have to be actively engaged – the role of this Committee is therefore critical in this regard.
- 5.2 This Committee receives progress reports on a range of specific governance issues such as risk management and information governance through the year.

- 5.3 A full review and update of the Local Code of Corporate Governance and the Annual Governance Statement have already been mentioned in the paragraphs above.
- 5.4 Other notable areas of recent work undertaken as part of the Corporate Governance agenda include the following:-
- ➔ induction training for Members following Elections in May 2017
 - ➔ development of an on line training package for consultation law and good practice
 - ➔ review, revision and approval of an updated Procurement Strategy
 - ➔ review and revision of the corporate Performance Framework together with new quarterly performance report format with increased readability and stronger links to key Council ambitions
 - ➔ appropriate governance arrangements introduced for commercial companies
 - ➔ ensuring a process for co-ordinating and responding to Subject Access Requests
 - ➔ review and revision of the arrangements to ensure compliance with the GDPR (General Data Protection Regulations) by putting together a Data Governance team, an action plan and then effectively working through the actions. This work has been well progressed by the deadline of 25 May 2018.
 - ➔ progressing issues relating to best practice documentation such as reviewing the effectiveness of the Audit Committee
 - ➔ continual refinement and implementation of governance arrangements for the 2020 North Yorkshire Programme.
 - ➔ delivering the MTFS and the longer term financial planning horizon beyond 2020.

6.0 CORPORATE GOVERNANCE CHECKLIST SUMMARY OF IMPROVEMENTS

- 6.1 The Corporate Governance Checklist is a self-assessment checklist and is in line with the 7 principles defined in the Local Code of Corporate Governance. The requirements of the document CIPFA Statement of the Role of the Chief Financial Officer in Local Government are also incorporated within the Checklist.

- 6.2 The Checklist is effectively a “live” document to monitor and review the overall Corporate Governance process within the County Council. Although a copy of the latest “version” is available to Members, a Summary is attached as **Appendix A** for ease of reference. This Summary shows:
- ➔ a sample of the improvements made in corporate governance between April 2017 and March 2018 in the left hand column.
 - ➔ some examples of improvements in corporate governance to be made between April 2018 and March 2019
- 6.3 Areas of development and / or improvement continue to be identified as a result of the need to comply with new guidance and requirements as they are published.
- 6.4 The Checklist is used by officers in order to provide some assurance that all relevant areas of governance are being adequately addressed and, where relevant, gaps are identified with consequential actions to fill such gaps.

7.0 RECOMMENDATIONS

- 7.1 That Members note progress on Corporate Governance related matters.
- 7.2 That Members note the improvements that have been made, and that are to be made in corporate governance (**Appendix A**)

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June 2018

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Background papers: None

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CORPORATE GOVERNANCE CHECKLIST

Examples of Improvements made between April 2017 and March 2018

Improvements	Reference	Requirement
	Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<ul style="list-style-type: none"> Review and distribute a decision making guidance note (BK) Mar 2017 	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> Carry out induction training for Members following Elections (BK) May 2017 	A.2.2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
<ul style="list-style-type: none"> Review, revise and gain approval of the Procurement Strategy (GF) May 2017. Completed and incorporates the procurement savings target of £1.1m. 	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
<ul style="list-style-type: none"> Appropriate Governance arrangements introduced for commercial companies 	A.3.1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
	Principle B	Ensuring openness and comprehensive stakeholder engagement
<ul style="list-style-type: none"> Put in place a process for co-ordinating and responding to Subject Access Requests (MT) Sept 2017 	B.1.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
<ul style="list-style-type: none"> Develop an on line training package for consultation law and good practice (NI) Completed June 2017 Equality Impact Assessment eLearning package introduced (NI) 	B.1.4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> • Create a shareholder group (GF/BK) – completed and approved by County Council Oct 2017 • Appoint Chief Financial Officers (GF) – completed CFOs appointed • Carry out training for Directors of companies (BK) – guidance note in place but further training required • LEP assurance framework in place • BEIS review of arrangements carried out 	CFO (Principle 1) B.2.2	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.
<ul style="list-style-type: none"> • Carry out a light touch audit to review the completeness of compliance with data transparency regulations - (NI/MT) March 2018 	B.3.2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> • New quarterly performance report format with increased readability and stronger links to key Council ambitions (NI) 	C.1.3	Delivering defined outcomes on a sustainable basis within the resources that will be available
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> • Review and revise the corporate Performance Framework to ensure more consistency in strategy, performance, data and intelligence (<i>Strategic Support</i>) (GF/NI) July 2017 • Further develop service and team plans (NI) Updated format completed, will be used for plans from 1st April 2018 March 2018 	D.1.1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
<ul style="list-style-type: none"> • Staff Survey Carried Out 	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered

Appendix A

Improvements	Reference	Requirement
	Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> Review training and development needs for Members (BK) Dec 2017 – Ongoing in nature, induction training was carried out in May 2017 post-election 	E.2.6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
	Principle F	Managing risks and performance through robust internal control and strong public financial management
<ul style="list-style-type: none"> Review and revise arrangements to ensure compliance with the GDPR (General Data Protection Regulation) (GF/RL) May 2018 GDPR action plan very well progressed. Data governance team established and effective. 	F.4.1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
<ul style="list-style-type: none"> Continue to expand the number of Data Sharing Agreements and review suitable products for conversion to an on-line platform (MT) Dec 2017. The number of high level protocol Data Sharing Agreements continue to increase. Discussions continue regarding the conversion to the on-line platform. 	F.4.2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
	Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> Carry out a review of effectiveness of the Audit Committee and develop and implement an Improvement Plan (GF/MT) – Mini review of effectiveness of the Audit Committee carried out in 2017/18. See improvements in 2018/19 for further action. 	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)
<ul style="list-style-type: none"> Review of future reporting arrangements as part of the upgrade of financial systems. Complete. Q financial performance reports revised from August 2017 	CFO Principle 2 G.2.1	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority and that these cover the services provided through partnership and alternative delivery models

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Examples of Improvements to be made between April 2018 and March 2019

Improvements	Reference	Requirement
	Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<ul style="list-style-type: none"> Develop and implement an Officers on line learning and training package on decision making (BK) Mar 2019 (Carried forward from 17/18) Leader and Chief Executive Roles to be reviewed in line with the updated ethical framework (BK) Mar 2019 Further review and implement an electronic Member Register of Interests (BK) Mar 2019 (Carried forward from 17/18) Further update of Anti Money Laundering policy to incorporate the latest anti money laundering regulations (MT/MB) Dec 2018 	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> Ongoing project as part of Organisational Development (OD) theme to make access to policies via the intranet easier (JB/PY) Mar 2019 Development of improved Manager's intranet dashboard as part of OD theme (JB/PY) Mar 2019 	A.2.1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance
<ul style="list-style-type: none"> Further and more in depth review of the Procurement Strategy to take place during 2018/19 (GF/KD) Mar 2019 Carry out review of Code of Conduct for Planning (BK) Mar 2019 	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
	Principle B	Ensuring openness and comprehensive stakeholder engagement
<ul style="list-style-type: none"> Review future of Citizens panel and possible alternatives in light of reduced response rate (NI) Mar 2019 	B.1 and B.3	Openness and Engaging stakeholders effectively, including individual citizens and service users
<ul style="list-style-type: none"> Revision of Executive report template required for inclusion of GDPR related matters eg. Data Impact Assessment (BK) Sep 2018 	B.1.2	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a

Appendix A

Improvements	Reference	Requirement
		justification for the reasoning for keeping a decision confidential should be provided
<ul style="list-style-type: none"> Carry out further training for Directors of companies (BK) Mar 2019 	B.2.2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
<ul style="list-style-type: none"> Review and revise the publishing of data over a certain spending limit £500 (GF/RL) – Date TBA 	B.3.2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> Develop a better understanding of the policy framework and the inter relationships between various policies (NI) - Mar 2019 	C.1.1	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> Scope out the CYPS requirements for creation of dashboards with real-time service data to produce more effective performance reporting (NI) – Mar 2019 	D.1.1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
<ul style="list-style-type: none"> Carry out Pulse survey follow up to staff survey (JB/PY) Jul 2018 	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
	Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> Embedding use of IPM system into appraisal and performance framework (JB/PY) 	E.2.7	Holding staff to account through regular performance reviews which take account of training or development needs

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Improvements	Reference	Requirement
	Principle F	Managing risks and performance through robust internal control and strong public financial management
<ul style="list-style-type: none"> Continue to carry out actions in action plan required by GDPR and Data Protection Bill (GF/MT) Mar 2019 	F.4.1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
<ul style="list-style-type: none"> Develop the Beyond 2020 Change Programme (GF/RL) Feb 2019 	F.5.1	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
	Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> Carry out a further review of the effectiveness of the Audit Committee following the mini review. Develop and implement an Improvement Plan. (GF/MT) Scheduled after November 2018 Appoint independent Members to Audit Committee (GF/MT) June 2018 	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)