

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****21 JUNE 2019****CORPORATE GOVERNANCE****Report of the Corporate Director, Strategic Resources****1.0 PURPOSE OF REPORT**

- 1.1 To note progress and improvements on Corporate Governance related matters.

2.0 BACKGROUND

- 2.1 The CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 and associated Guidance Notes, set out the standard for local authority governance in the UK. The Framework defines the principles that should underpin the governance of an organisation and provides a structure to assist individual authorities with their approach to governance. Local authorities should review existing governance arrangements against these Principles, develop and maintain an up-to-date Local Code of Corporate Governance, and report publicly on compliance with their own Code on an annual basis, and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.
- 2.2 According to the Terms of Reference of the Audit Committee, which have been reviewed and revised, its role in respect of Corporate Governance is:
- (i) to assess the effectiveness of the County Council's Corporate Governance arrangements
 - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the County Council
 - (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 work with the Standards Committee to promote good ethical standards within the County Council

(vi) 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 (vi) 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 2018/19

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 2018/19 on this Committee meeting's agenda.

4.3 Although the Guidance mentioned above in paragraph 2.1 has been followed, it has been suggested by the Audit Committee sub group that the present AGS should be more concise. A further review of the Statement will therefore take place over the coming year to address this in 2020.

5.0 DEVELOPMENTS IN 2018/19

- 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 partnership governance through the year.
- 5.3 A full review and update of the Local Code of Corporate Governance and the Annual Governance Statement are also carried out, as has 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:-
- ➔ a further and more in depth review of the Procurement Strategy was completed. An additional gateway was also included in the procurement process to strengthen arrangements for Brexit.
 - ➔ the publishing of data over a certain limit was reviewed and revised.
 - ➔ the Policy and Performance Frameworks were better aligned. For example, the Council Plan now lists the relevant key policies under each Ambition.
 - ➔ the Risk Management Policy was reviewed and updated.
 - ➔ a Pulse survey was carried out as a follow up to the staff survey.
 - ➔ the Individual Performance Management system is now in use as part of the appraisal and performance framework.
 - ➔ actions were carried out to ensure further compliance with GDPR (General Data Protection Regulation) and the Data Protection Act.
 - ➔ development and approval of an outline approach to the Beyond 2020 Change Programme was attained.
 - ➔ further legal training sessions to Directorate and Service managers were carried out on topics including decision making.
 - ➔ a sub group has been set up to carry out a further review of the effectiveness of the Audit Committee.

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 2018 and March 2019 in the left hand column.
 - ➔ some examples of improvements in corporate governance to be made between April 2019 and March 2020.
- 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 2019

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Background papers: None

CORPORATE GOVERNANCE CHECKLIST

Examples of Improvements 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"> Delivery of a series of face to face legal training sessions to Directorate and Service level managers on topics including decision making (MoB) Mar 2019 	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"> Officer allocated to carry out ongoing work as part of Organisational Development (OD) theme to make access to policies via the intranet easier (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 completed and further gateway added to strengthen arrangements for Brexit 	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"> The Citizens Panel was reviewed, a decision made to keep it as a key engagement tool and use feedback to improve the 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"> Completed an internal assessment against the Equalities Framework for Local Government (NI) 	B.1.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
<ul style="list-style-type: none"> Revision of Executive report template required for inclusion of GDPR related matters eg. Data Impact Assessment In hand as part of work reviewing report templates (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 justification for the reasoning for keeping a decision confidential should be provided

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> • Arrangements put in place to support the LEP assurance framework (James Farrar/Michael Leah) Mar 2019 	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"> • Reviewed and revised the publishing of data over a certain spending limit £500 (GF/RL) – Jan 2019 	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"> • Worked on better aligning the policy and performance frameworks. Council Plan lists the relevant key policies under each ambition. (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
<ul style="list-style-type: none"> • Risk Management Policy reviewed and updated - Mar 2019 	C.1.4	Identifying and managing risks to the achievement of outcomes
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> • CYPS requirements for creation of real-time performance dashboards was scoped, this is now in the implementation phase via T&C (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"> • Carried 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"> • Launched the 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
	Principle F	Managing risks and performance through robust internal control and strong public financial management

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> Continued to carry out the actions in action plan required by GDPR and Data Protection Act (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"> Outline approach to the development of the Beyond 2020 change programme has been approved (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"> Agreed the setting up of a sub group to carry out a further review of the effectiveness of the Audit Committee with reference to the CIPFA checklist following the initial mini review. (GF/MT) (Mar 19) Independent Members appointed 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)

Appendix A

Examples of Improvements to be made between April 2019 and March 2020

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"> • Further update of Anti Money Laundering policy to incorporate the latest anti money laundering regulations (MT/MB) Mar 2020 (carried forward from 18/19) • Take a fraud update to Corporate Risk Management Group (MT) Nov 2019 • Develop and implement an Officers on line learning and training package on decision making (BK) Mar 2020 (Carried forward from 18/19) • Leader and Chief Executive Roles to be reviewed in line with the updated ethical framework (BK) Mar 2020 (Carried forward from 18/19 to await best practice recommendations from Committee on Standards in Public Life following their recent report) • Further review and implement an electronic Member Register of Interests (BK) Mar 2020 (Carried forward from 18/19 due to technical difficulties) • Revise, refresh and embed Behaviour Framework - work started at Senior Managers Seminar Mar 2019 (JB/PY) Mar 2020 	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"> • Development of improved Manager's intranet dashboard as part of OD theme (JB/PY) July 2019 (carried forward from 18/19) 	A.2.1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance
<ul style="list-style-type: none"> • Carry out review of Code of Conduct for Planning (BK) Mar 2020 (carried forward from 18/19) 	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

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Improvements	Reference	Requirement
<ul style="list-style-type: none"> Volunteer Strategy to be agreed and implemented (JB) Mar 2020 	B.1.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
<ul style="list-style-type: none"> Carry out further training for Directors of companies (BK) Mar 2020 (carried forward from 18/19) 	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"> Put arrangements in place for new LEP model (James Farrah/Michael Leah) TBA 	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.
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> No Improvements Identified 		
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> Carry out full staff survey (JB/PY) July 2019 	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"> Task and Finish Group established to review the Induction Policy (JB/PY) Aug 2019 	E.1.4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources
<ul style="list-style-type: none"> Carry out PIR into use of IPM in appraisal and performance framework and seek to further embed (Steve Evans) Aug 2019 	E.2.7	Holding staff to account through regular performance reviews which take account of training or development needs
	Principle F	Managing risks and performance through robust internal control and strong public financial management

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Improvements	Reference	Requirement
<ul style="list-style-type: none"> Continue to carry out follow up actions required by GDPR and Data Protection Act (GF/MT) Mar 2020 	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"> Further develop the Beyond 2020 Change Programme including an action plan (GF/RL) Jun 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"> Audit Committee sub group to carry out a further review of the effectiveness of the Audit Committee with reference to the CIPFA checklist following the initial mini review. (GF/MT) Mar 2020 	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)