

**Financial Scrutiny and Audit
Committee**

5 July 2016

Agenda Item No 6

Annual Governance Statement 2015/16

Report by Solicitor and Monitoring Officer

Summary: This report explains the legal requirement, background and purpose of the Annual Governance Statement, and the requirement to carry out an annual review of the Authority's systems of internal control and governance arrangements. The draft Annual Governance Statement for 2015/16 is attached, for members' consideration.

I have recently taken up post of Monitoring Officer and the following information has been obtained by me from the governance and internal audit documentation produced and maintained by the Authority and to which I have referred throughout and enquiries which I have made of officers and others in relation to the implementation of the Action Plan.

The previous Annual Governance Statement was dated 25 September 2015

Recommendations:

- (i) That the views and comments of the Authority are sought on the internal control systems and governance arrangements in place.
- (ii) That the Annual Governance Statement for 2015/16 and Action Plan for 2016/17 are approved, subject to any amendments or additions recommended by the Internal Audit report due by 8th July 2016 or as the Authority may wish to make.
- (iii) That the Authority confirms, subject to implementation of the improvements identified in the Action Plan, that the Authority's internal control systems and governance arrangements are considered to be adequate and effective.
- (iv) That the Authority notes likely forthcoming changes to the CIPFA/SOLACE governance framework during 2016 and that these are likely to require a consequential review and update of key Authority governance documents.

1 Introduction

- 1.1 The Accounts and Audit (England) Regulations 2011 as amended by the Accounts and Audit Regulations 2015 ("the Regulations") contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved 'by the relevant authority' (in this case the Broads Authority) and must accompany the Statement of Accounts.

- 1.2 The Regulations specify a date for publication of an Annual Governance Statement no later than 31st July of the financial year immediately following the end of the financial year to which the Statement relates. This date will apply from 2017/18.
- 1.3 The implementation of the Regulations is undertaken by the Authority following advice, guidance and recommendations of the Chartered Institute of Public Finance & Accountancy (CIPFA) in particular the CIPFA/SOLACE joint working group framework '*Delivering Good Governance in Local Government*'. In the light of the Accounts and Audit Regulations 2015 a new CIPFA/SOLACE framework is due to be published during 2016, which the Authority will then follow.
- 1.4 The Regulations require local authorities to conduct a review at least once a year of the effectiveness of their systems of internal control and risk management, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses. The Regulations require an authority to ensure that it has a sound system of internal control which:-
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk
- 1.5 In addition, the Public Sector Internal Audit Standards (PSIAS), which replaces the CIPFA Code of Practice for Internal Audit, require the Chief Audit Executive to provide a written report to those charged with governance to support the Annual Governance Statement. This report must set out:
- The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control during 2015/16, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS); and
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.
- 1.6 The Opinion of the Head of Internal Audit for 2014/15 was set out in a report considered by the Financial Scrutiny and Audit Committee at its meeting on 7

July 2015, and the key findings were summarised in the previous Annual Governance Statement. The overall opinion was that the framework of governance, risk management and control at the Broads Authority was deemed to be adequate, representing a stable control environment. The Authority also received 2 good assurance levels in respect of Corporate Governance & Risk Management and Key Controls & Assurance.

- 1.7 A further annual report setting out the Opinion of the Head of Internal Audit will be available for the AGM of the Authority on 8th July 2016. A draft of that report has been seen and its conclusions are that no issues have arisen which require disclosure within the Annual Governance Statement. The draft Annual Governance Statement sets out further details from the annual report and any recommendations and improvements are contained in the Action Plan for 2016/17 (a number of recommendations contained in the annual report had already been undertaken and completed at the time of this report and where that is the case, they have not been included on the Action Plan).
- 1.8 Internal Audit work during the year has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.
- 1.9 Once agreed, the Annual Governance Statement should be signed by the Chairman of the Authority and the Chief Executive.

2 Code of Corporate Governance

- 2.1 The Authority's systems for delivering good governance are set out in the Code of Corporate Governance which was adopted by the Broads Authority at its meeting in November 2009. This document was prepared in accordance with the guidance set out in the CIPFA/SOLACE framework '*Delivering Good Governance in Local Government*'. ("the Framework")
- 2.2 The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business. The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.
- 2.3 The Authority's Code of Corporate Governance is updated annually, as part of the process of preparing the Annual Governance Statement, and is signed by the Chairman and Chief Executive.
- 2.4 Where new evidence has been identified in the Code, to contribute towards the Authority's governance arrangements, this has been included in the 2016/17 Action Plan, in order to monitor progress and ensure that it is implemented.

3 Role of the Chief Financial Officer

3.1 In 2010 CIPFA issued a document entitled *'The Role of the Chief Financial Officer in Local Government'*. The Statement supports CIPFA's work to strengthen governance and financial management across the public services, and sets out five principles that define the core activities and behaviours that belong to the role of Chief Financial Officer (CFO) in local government and the governance requirements needed to support them. These are set out in paragraphs 3.2 and 3.3 below.

3.2 The CFO in a local authority:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the authority's financial strategy;
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

3.3 To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose;
- must be professionally qualified and suitably experienced.

3.4 It is further recommended that, in their Annual Governance Statements, local authorities should 'include a specific statement on whether the authority's financial management arrangements conform with the guidance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact'. This statement is set out in paragraphs 3.13 to 3.16 of the Annual Governance Statement.

4 Annual Review of Governance Arrangements

4.1 The production and publication of the Annual Governance Statement is the result of an on-going review of the adequacy of internal control systems and governance arrangements, and is not an activity which should be viewed in isolation.

4.2 The review has been informed by the work of officers of the Authority, who have responsibility for the maintenance and review of the internal control environment, internal audit reports and the recommendations made by external auditors and inspectors. The review of Partnership arrangements and the review of the Strategic Risk Register also contributes towards the review.

- 4.3 Where significant weaknesses have been identified these are set out in the Action Plan (Appendix 1b). It should be noted that this Action Plan does not cover all the activities which will be undertaken during the year and which will contribute towards good governance, but focuses on those activities, and especially new initiatives and those issues identified by auditors, which will address weaknesses, ensure continuous improvement of the system and generally 'add value' to the arrangements.
- 4.4 A copy of the 2015/16 Action Plan is also appended (Appendix 2), with progress to date added. Where the appropriate action is still outstanding, it has been carried forward into the 2016/17 Action Plan.
- 4.5 The Financial Scrutiny and Audit Committee shall review the Annual Governance Statement and Action Plan at its meeting on 5th July 2016 and should there be any amendments proposed by the Committee, those amendments along with the Committees' recommendations shall be presented to the Authority for approval.

5 Summary

- 5.1 The Authority is asked:
- to review and comment on the internal control systems and governance arrangements in place;
 - to approve the Annual Governance Statement and confirm that it represents a true reflection of the control environment present in the Authority; and
 - to confirm that, subject to implementation of the improvements identified in the Action Plan, these are adequate and effective.
- 5.2 The Action Plan will be implemented during 2016/17 in order that there is on-going review and improvement of the systems of internal control and governance arrangements. Progress in implementing the Action Plan will be reported in the next Annual Governance Statement.

Background papers: CIPFA Annual Governance Statement Rough Guide for Practitioners
Internal Audit Annual Report and Opinion 2015/16
Broads Authority Code of Corporate Governance

Author: David Harris
Date of report: 20th June 2016

Broads Plan Objectives: None
Appendices: APPENDIX 1a– Annual Governance Statement 2015/16
APPENDIX 1b – 2016/17 Action Plan
APPENDIX 2 – 2015/16 Action Plan: Summary of Progress

Broads Authority

Annual Governance Statement 2015/16

1 Scope of Responsibility

- 1.1 The Broads Authority 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. The Authority 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.
- 1.2 In discharging this overall responsibility the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Authority 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 is on the Authority's website at www.broads-authority.gov.uk or can be obtained from the Monitoring Officer at Yare House, 62-64 Thorpe Road, Norwich NR1 1RY. This statement explains how the Authority 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, the Accounts and Audit (England) Regulations 2011 and the Accounts and Audit Regulations 2015, in relation to the publication of an Annual Governance Statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes for the direction and control of the Authority and its activities through which it accounts to, and engages with 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.
- 2.2 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 designed to identify and prioritise the risks to the achievement of the Authority'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.
- 2.3 The governance framework has been in place at the Broads Authority for the year ended 31 March 2016 (except where otherwise stated) and up to the date of finalising this statement on 20th June 2016. We are expecting CIPFA/SOLACE to publish a new governance framework later in 2016, so it is likely that this will involve a comprehensive review of the Code of Corporate Governance, the Annual Governance Statement and the review of evidence schedule.

3 The Governance Framework

- 3.1 At its meeting on 20 November 2009, the Broads Authority adopted a Code of Corporate Governance in accordance with guidance in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.
- 3.2 The Framework also included a number of supporting principles and suggestions for source documents/good practice that may be used to demonstrate compliance. These have been used by the Authority in developing its Code.
- 3.3 The purpose of the Code is:
- to develop a framework for Corporate Governance for the Authority based on good practice and external guidance;
 - to demonstrate compliance with the principles of good governance; and
 - to continuously improve its effectiveness through an annual review of performance against the framework with an action plan to address weaknesses (as set out in the Annual Governance Statement).
- 3.4 The Code sets out how the Authority delivers good governance, using as its basis the objectives set out in the CIPFA/SOLACE Framework, supported by examples of evidence which demonstrate the actions being taken.
- 3.5 At its meeting on 13 May 2011 the Broads Authority adopted the Broads Plan 2011, the strategic five year plan for the management of the Broads. As part of the development of the new Plan the Authority consulted key stakeholders (including the Broads Forum, which includes representatives of over 50 Broads organisations and user groups), partner organisations and members of the public. The Plan contains a revised vision for the Broads, for the period up to 2030, together with long-term aims, and strategic objectives for the five year period up to 2016. The Plan can be viewed at the following link: <http://www.broads-plan.co.uk/>. Work has commenced on reviewing this plan with an anticipated adoption date of March 2017 for the new Plan. Consultation was undertaken on a draft Broads Plan during February to April 2016 and a revised draft will be available for further consultation in October 2016.
- 3.6 The Authority has in place a number of procedures to ensure that it obtains best value for money in all that it does, including Financial Regulations, Standing Orders Relating to Contracts and a Procurement Strategy. These are all reviewed and updated on a regular basis, with the Financial Regulations and Standing Orders Relating to Contracts having been updated on 15th May 2015 to reflect the transition to two Directorates. In addition the Authority adopted a Counter Fraud Bribery and Corruption Strategy in June 2012 to supplement these procedures, which was updated on 9th February 2016. The Authority is currently benchmarking some of its key services against those of national park authorities, through an exchange of information. Further benchmarking is being undertaken through the identification of a number of performance indicators, supplemented by a number of 'local' (Broads Authority only) indicators. Benchmarking data for dredging has been the subject of some initial work, (as set out in Appendix 1 to the minutes of the Broads Authority meeting on 18th March 2016). Over time this benchmarking will give an indication of how well the Authority is performing in these areas, both year on year and in comparison with national park authorities.

- 3.7 The Authority also has in place a series of internal financial controls, including approved budgets, separation of duties and authorised signatures, to reflect good practice and ensure that its finances are managed securely to minimise risk.
- 3.8 The views of users have been sought through a number of means, including the visitor centres annual survey, inviting comment and feedback at parish forums, an on-going survey of users of the corporate website and the annual Broads Outdoors Festival feedback forms. In 2014, a stakeholder survey of hire boat operators, private boat owners, residents and visitors took place. Members support the view of repeating this exercise in 2019 as part of strategic approach in formulating its Broads Plan and its priorities for that following five year period. Public consultation exercises have also been undertaken during February and April 2016 on the draft Broads Plan and the issues and Options of the Broads Local Plan. All comments received have been made publicly available.
- 3.9 The Authority communicates the results of surveys, and other relevant information, through its website and social media and through its regular publications Broad Sheet (aimed at toll payers), Broadcaster and the Annual Report.
- 3.10 All matters, other than the planning committee and those matters specifically delegated to the Chief Executive, are dealt with by the full Broads Authority, which is the prime decision maker. The Authority monitors the effectiveness of internal control systems through the consideration of regular performance management and budget monitoring reports, and through monitoring and receiving reports on the work of the Financial Scrutiny and Audit Committee.
- 3.11 The terms of reference of the Financial Scrutiny and Audit Committee include responsibility for financial scrutiny, including a review of the Statement of Accounts and Annual Governance Statement, financial planning, audit and risk management.
- 3.12 The Authority has commenced the process for the appointment of 2 Independent Persons, as required by the Localism Act 2011, with this process expected to be complete and appointments made at the Authority's AGM on 8th July 2016. These appointments will assist in the Authority attaining high ethical standards.
- 3.13 The Authority has appointed the Head of Finance and Revenue Services at Broadland District Council to act as its Treasurer and Financial Adviser ('the Treasurer'), to be responsible for the proper administration of the Authority's financial affairs, as set out in Section 17 (1) of the Norfolk and Suffolk Broads Act 1988. The Treasurer has a defined job description, appropriate delegated powers, works closely with senior officers of the Authority (in particular the Director of Planning and Resources and Head of Finance), receives all committee papers which have potentially significant financial implications, and attends Broads Authority meetings as and when appropriate to provide high level strategic and financial advice.
- 3.14 The Treasurer is professionally qualified and suitably experienced. Although not a member of the Authority's Management Team, she has access to the Chief Executive and Director of Planning and Resources and is entitled to attend meetings of the Management Team should she consider it to be necessary.
- 3.15 The Treasurer is supported by the Director of Planning and Resources and the Head of Finance, who are both members of the Management Team and who work closely with the Treasurer in overseeing the Authority's strategic financial arrangements. The Head of Finance manages the financial arrangements and internal financial controls on a day to day basis and in the last 12 months has obtained her ACCA qualification.

- 3.16 Although these arrangements do not comply in all respects with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, they are considered to be appropriate and proportionate for the size and budget of the Authority, and have worked successfully for many years, representing a good example of partnership working between local authorities.
- 3.17 The Chief Executive is responsible for day to day management and maintenance of internal controls within the Authority, with advice and support from the Treasurer and Financial Adviser, Solicitor and Monitoring Officer, and other senior officers.
- 3.18 The Authority's governance has also been strengthened by the appointment of an in-house solicitor as Monitoring Officer from 31st May 2016, with the Monitoring Officer having independent reporting as necessary to the Chief Executive, Management Team and Members.
- 3.19 There are clear Terms of Reference which set out the powers reserved to the Broads Authority and its committees, and a Scheme of Powers Delegated to Officers, which sets out the powers delegated to the Chief Executive and other senior officers. These were both updated by the Authority on 22 March 2013 and are due for a further review in September 2016.
- 3.20 The Authority has in place a Whistle Blowing Policy which enables staff to raise concerns or issues about any aspect of the Authority's work, and a formal Complaints Procedure for receiving and investigating complaints from members of the public. Both documents have been updated in April 2013 to reflect the transition to two Directorates and are on the Authority's Intranet; the latter is also on the Authority's website. There were eleven formal complaints received during this period (as against sixteen in 2014/15) and a summary of the complaints and responses were provided to the Authority on 13 May 2016. Of these eleven complaints, one was addressed by the Local Government Ombudsman and the remainder were addressed by officers. Seven complaints were planning related, three complaints related to the conduct of employees, and one related to the payment of tolls. The Local Government Ombudsman investigated one matter and did not uphold the complaint. Two complaints resulted in an apology. There were no complaints which were findings of maladministration against the Authority.
- 3.21 The Authority's Strategic Risk Register is reviewed six monthly by risk owners and by the Management Forum so that the Management Team can provide assurance that key strategic and operational risks have been identified, monitored and reviewed during the year and that key controls to mitigate the identified risks have operated effectively throughout the year. It is also on the agenda of the Financial Scrutiny and Audit Committee for each meeting. In addition the Risk Management Strategy is reviewed annually. The resilience of the Authority was increased due to steps taken in FY 2013/14, with the completion of the ICT Disaster Recovery Plan to reflect the move from the Ludham Field Base, the generation of the Finance Business Continuity Plan and the review of the Business Continuity Plan through a table top management exercise. In relation to the 2016/17 Action Plan there is a requirement of direct linking of the Strategic Risk Register to the Strategic Objectives and Annual Strategic priorities, with a gap analysis completed, which will strengthen governance. Also, it is anticipated that forthcoming CIPFA/SOLACE Framework guidance will provide further guidance to all authorities on implementing the risk management provisions found in Regulation (c) of the Accounts and Audit Regulations 2015.

- 3.22 A Partnerships Protocol and Register of Partnerships have been developed, and the Management Team has identified and reviewed the governance arrangements in respect of all significant partnerships, with identified weaknesses being addressed through an Action Plan, with responsibility for action and timescales. It has also been agreed to provide an annual report on Partnerships to the Broads Authority. This will be provided in September 2016.
- 3.23 The Authority has data of all its land and property assets have on a consolidated Excel database and an Asset Management Strategy which includes a full asset disposal policy.
- 3.24 Following the 2012/13 Review of Consultative Arrangements and Community/Stakeholder Engagement, Parish Forums were established as a primary community engagement mechanism. The revised Broads Forum arrangements have also been put in place, allowing engagement on a wide range of issues with a large group of stakeholders. In 2014/15 as part of audit recommendations the Broads Forum examined the effectiveness of the measures that had been put in place and concluded that they were working well. A final report on this was made in March 2015.
- 3.25 Following an audit into its planning function, the Authority has produced a Local Enforcement Plan which sets out how well it will react to reports of unauthorised development taking place. This was presented to the Planning Committee in May 2016 and is due to be adopted by the Broads Authority in July 2016.
- 3.26 The Solicitor and Monitoring Officer is currently undertaking a review of the Members' Code of Conduct, with a report and proposals to be presented to the AGM on 8th July 2016.

4 Review of Effectiveness

- 4.1 The Authority 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 the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 As part of this exercise the Authority reviews the Code of Corporate Governance on an annual basis. The annual review includes consultations with the Management Team, the Solicitor and Monitoring Officer, the Treasurer and Financial Adviser and the Chair of the Financial Scrutiny and Audit Committee. Other senior officers are also invited to contribute.
- 4.3 The Treasurer and Financial Adviser have provided an assurance that, subject to the weaknesses already identified and addressed in the Action Plan, the Authority's governance arrangements are adequate and are operating effectively. They have confirmed that there have been no significant control issues that have required the need for formal action in their respective roles.
- 4.4 The Solicitor and Monitoring Officer has been asked to provide an annual ethical assessment of the activities of the Authority and what, if necessary, the Authority could do to improve its ethical standards. The previous Solicitor and Monitoring Officer concluded that 'the ethical standards of the Authority continue to be high' and

this will be the subject of a further review by the new Solicitor and Monitoring Officer in the Action Plan for 2016/17.

- 4.5 Internal audit reports are considered by the Management Team and other officers as appropriate, and a management response is submitted in respect of each recommendation, setting out whether the recommendation is accepted, what action will be taken, which officer is responsible and the timetable for action. Each audit report contains an independent assurance of opinion on the adequacy and effectiveness of controls in place to mitigate risks. The agreed actions are followed up subsequently to ensure implementation, thus ensuring that the Authority's risks are properly managed. A summary of all internal audit work carried out during the year is received by the Financial Scrutiny and Audit Committee, together with regular reports setting out progress made in implementing internal audit recommendations. Any significant issues of concern are brought to the attention of the the Broads Authority.
- 4.6 The Authority has developed a strategic three year audit plan for the Authority, using a risk based approach, supplemented by an annual audit plan.
- 4.7 The Accounts and Audit (England) Regulations 2011 as amended by the Accounts and Audit Regulations 2015 require that "the authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance". The aim is not only to make the Authority more aware of the work of Internal Audit and its key role in governance, but also to make those charged with governance more able to understand the connection between, and the Authority's responsibility for, risk management, internal control and the function of internal audit. This review was the subject of a separate report to the Financial Scrutiny and Audit Committee at its meeting on 7 July 2015. The Committee concluded that proper arrangements had been put in place to comply with the statutory requirements relating to Internal Audit, and that the system of internal control at the Authority was effective.
- 4.8 In order for the Broads Authority to be able to place reliance on the opinions contained within this report, the Head of Internal Audit has in place an assurance framework to assess the effectiveness of Internal Audit which includes; :
- the level of compliance with the Public Sector Internal Audit Standards (PSIAS) and the results of any quality assurance and improvement programme,
 - the outcomes of the performance indicators (as per the contract) and
 - the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.
- 4.9 Additionally the Authority is informed of the work of the appointed auditors and inspectors, including receipt of the Annual Governance Report and annual audit and inspection letter. The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.
- 4.10 The Authority has received the Annual Report and Opinion 2015/16 of the Head of Internal Audit. It is the overall opinion that the framework of governance, risk

management and control at the Broads Authority is deemed for 2015/16 to be *Reasonable assurance, indicating a continued stable control environment, with some improvements needed to enhance the controls to mitigate associated risks.*

- 4.11 The Authority has also received a *Substantial* assurance level in respect of *Corporate Governance & Risk Management* for 2015/16.
- 4.12 The new audit grading definitions for this year are Substantial Assurance (highest), Reasonable Assurance, Limited Assurance and No Assurance (lowest). Reasonable assurance was previously called Adequate.
- 4.13 The Head of Internal Audit reports that for 2105/16 that *Internal Audit work has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.*
- 4.14 The Authority is advised on the implications of the result of the review of the effectiveness of the governance framework by the Financial Scrutiny and Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5 Significant Governance Issues

- 5.1 An Action Plan has been developed in order to address any governance issues which have been identified as needing review or improvement and to secure continuous improvement in the Authority's governance arrangements. This is set out at Appendix 1b in two parts. Recommendations in the Annual Report and Opinion 2015/16 of the Head of Internal Audit have been incorporated into the 2016/17 Action Plan, save where they had already been completed at the time of preparation of this statement.
- 5.2 This Action Plan has been informed not only by the results of audit and other reports, but also by the results of a self-assessment assurance statement which has been circulated to all senior managers, inviting them to assess the Authority's performance across a range of governance issues, in order to identify any gaps and weaknesses and add value to the Authority's governance arrangements.
- 5.3 The monitoring of the Action Plan has been the responsibility of the Solicitor and Monitoring Officer, since March 2015.
- 5.4 The Authority proposes over the coming year to take steps to address the above matters to further enhance its governance arrangements. The Authority is satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the Authority's next annual review.

Signed
Professor J Burgess, Chair

Date2016

Signed.....
Dr J Packman, Chief Executive

Date2016

Annual Governance Statement 2015/16

2016/17 Action Plan

Action	Lead Officer(s)	Target Date	Priority
Formalise a data quality policy	Solicitor and Monitoring Officer	By 31 December 2016	L
Current budgetary system of approving virements to be reviewed and brought in line with current Authority Financial Regulations	Head of Finance	31 August 2016	M
Completion of updated Procurement Training to officers who have responsibilities for conducting procurements	Head of Finance	By 31 October 2016	M
Review of ethical standards and recommendations on what improvements if any should be made	Solicitor and Monitoring Officer	By 31 March 2017	L
Collect data about staff and volunteers, to enable an equality analysis of employment policies and practices to be carried out	Head of HR, Volunteer co-ordinator, both co-ordinated by Solicitor and Monitoring Officer,	By 31 December 2016	L
Completion of phase 2 of internal HR policies and procedures review	Head of HR	By 31 March 2017	M
Guidance to be introduced for informal treatment of complaints against Members and updating formal complaints process	Solicitor and Monitoring Officer	By 31 July 2016	M
Members Code of Conduct, Complaints guidance notes and Complaints Form to be reviewed and updated in	Solicitor and Monitoring Officer	By 31 July 2016	M

Action	Lead Officer(s)	Target Date	Priority
accordance with recommendations by Head of Internal Audit			
Members Training Strategy to be reviewed and on an on-going basis thereafter	Solicitor and Monitoring Officer	By 31 December 2016	L
Review best practice guidance documents produced by the Committee on Standards of Public Life and produce Members Handbook on induction	Solicitor and Monitoring Officer	By 31 March 2017	L

Annual Governance Statement 2015/16

2015/16 Action Plan Summary of Progress

Action	Lead Officer(s)	Target Date	Priority	Status
Data Management and Monitoring				
Formalise a data quality policy	Head of Communications	By 31 March 2016	M	Initial investigations have been made into what the data quality policy would comprise and cover but reduced resources within the Communications Team and higher priorities mean that this work hasn't been taken forward. To be transferred to 2016/17 Action Plan and to be undertaken by the Solicitor and Monitoring Officer with revised target dates.
Governance and Risk Management				
To evaluate the effectiveness of the measures put in place to implement the Review of Consultative Arrangements recommendations.	Director of Planning and Resources	By 1 March 2016	M	A Review of the effectiveness of the measures put in place following the Consultative Review to be completed. Completed. Broads Forum will be asked to review the effectiveness of the changes introduced to its procedures in November 2015. Completed.
Directly link the Strategic Risk Register to the Strategic Objectives and Annual Strategic Priorities, with a gap analysis completed.	Solicitor and Monitoring Officer	By 31 March 2016	L	Completed by Chief Executive on 23 rd March 2016 due to vacancy in SMO position.
The Strategic Risk	Solicitor and	By 31	L	Completed and continuing

Action	Lead Officer(s)	Target Date	Priority	Status
Register to be added as a standing agenda item for the Financial Scrutiny and Audit Committee.	Monitoring Officer	December 2015		from February 2016
Finance				
Provide updated Procurement Training to officers who have responsibilities for conducting procurements	Head of Finance	By 31 March 2016	L	Not complete, although 1 to 1 sessions with new staff have been undertaken as they join. Reason is Initial low priority combined with subsequent unforeseen staff shortages. Matter to be carried forward to 2016/17 with revised target dates and upgraded to M priority.
Human Resources				
Undertake an Equal Pay Audit	Senior HR Advisor	By 31 March 2016	M	Complete with presentation to staff due on 27 th June 2016
Collect data about staff and volunteers, to enable an equality analysis of employment policies and practices to be carried out	Senior HR Advisor	By 31 March 2016	M	Not complete, but it will be brought forward and co-ordinated by the Solicitor and Monitoring Officer (HR and Volunteers) as between the two departments for completion in 2016/17
All staff to be formally reminded to review the Code of Conduct and Code of Corporate Governance documents, to ensure that they remain compliant.	Senior HR Advisor	By 31 March 2016	L	Complete by implementation through Staff Appraisals and IPRs
Review and update the following HR policies to ensure	Senior HR Advisor	By 31 March 2016	M	There were 24 policies to be updated, which were broken down into two phases, Phase 1 and 2. The first Phase which includes all the policies

Action	Lead Officer(s)	Target Date	Priority	Status
that they are in accordance with current legislation and where appropriate incorporate the requirements of volunteers: Capability (Performance Improvement) Disciplinary Grievance Recruitment Whistleblowing				on Capability, Discipline, Grievance and Recruitment has been completed. The second Phase to include Whistleblowing will be carried forward into the 2016/17 Action Plan.
Volunteer Management				
Complete the roll out of web based database to all volunteers, as far as possible	Volunteer Coordinator	By 30 October 2015	L	Roll-out completed to all 165 volunteers