

# Broads Authority

## Annual Governance Statement 2011/12

### 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](http://www.broads-authority.gov.uk) or can be obtained from the Director of Change Management and Resources at Dragonfly House, 2 Gilders Way, Norwich NR3 1UB. 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 and the Accounts and Audit (England) Regulations 2011, 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 2012 (except where otherwise stated) and up to the date of approval of the statement of accounts.

### **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.
- 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; the Procurement Strategy was reviewed and updated in June 2011. The Authority benchmarks some of its key services against those of national park authorities, through the identification of a number of performance indicators, supplemented by a number of 'local' (Broads Authority only) indicators. Performance data is published in the Authority's Business Plan and over time 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 questionnaires to the Norfolk Citizens Panel and all toll payers (both to be repeated approximately every three years), the national park visitor centres annual survey and an ongoing survey of users of the planning system. An on-line survey of all toll payers was carried out in February 2012.
- 3.9 The Authority communicates the results of these surveys, and other relevant information, through its website and through its regular publications Broad Sheet

(aimed at toll payers), Broadcaster, and the Annual Report. The Authority also issued two editions during 2011/12 of its electronic residents newsletter, the Broads Explorer.

- 3.10 The Authority does not operate through an Executive. All matters are dealt with by the full Broads Authority, which is the prime decision maker, and its service committees. 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 Standards Committee, comprising an independent Chairman and majority of independent members, was responsible in 2011/12 for promoting and maintaining high standards of conduct by members and assisting members to observe the Authority's Code of Conduct (although this Committee ceased to exist on 1 July 2012 as a result of the new standards regime introduced by the Localism Act 2010).
- 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 1988. The Treasurer has a defined job description, appropriate delegated powers, works closely with senior officers of the Authority, in particular the Director of Change Management and Resources and Head of Finance, is consulted on key decisions, 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 Change Management 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 Change Management and Resources, who is a member of the Management Team and who works closely with the Treasurer in overseeing the Authority's strategic financial arrangements, and the Head of Finance, who manages the financial arrangements and internal financial controls on a day to day basis.
- 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 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 are reviewed and updated on a regular basis.

- 3.19 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 are on the Authority's Intranet, and the latter is also on its website.
- 3.20 The Authority's Strategic Risk Register is reviewed annually 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 reviewed on an annual basis by the Financial Scrutiny and Audit Committee and at least six monthly by risk owners. In addition the Risk Management Strategy was updated in July 2011, and a Risk Management Workshop was held for members and responsible officers in October 2011.
- 3.21 A Partnerships Protocol and Register of Partnerships have been developed, and the Authority 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.
- 3.22 The Authority has made significant progress in developing its asset management practices over the past two years, following an Audit Commission qualification in 2009/10. Comprehensive data of all the Authority's land and property assets have been captured on a consolidated Excel database, and the corresponding paper records have been consolidated into one location. In addition the Authority has established an Asset Management Steering Group and, from 1 May 2011, a new post of Asset Officer, to ensure that the management of its asset base is given due priority.

#### **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 is initiated by the Director of Change Management and Resources, and includes consultations with the Management Team, the Solicitor and Monitoring Officer, the Treasurer and Financial Adviser and the Chairs of the Financial Scrutiny and Audit Committee and the Standards Committee. Other senior officers are also invited to contribute.
- 4.3 The Treasurer and Financial Adviser and Monitoring Officer 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, significant additional funding, had a material impact on the accounts or resulted in significant public interest, thus damaging the reputation of the Authority.

- 4.4 The Authority's Standards Committee 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. In its annual report to the Broads Authority on 13 July 2012 the Committee concluded that 'the ethical standards of the Authority continue to be high'.
- 4.5 Internal audit reports are considered by the Director of Change Management and Resources 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 In December 2011 the Authority sought the assistance of internal auditors in the testing of its new Tolls Management System, as part of the development of this new system before it went live in February 2012. This generated the unusually high number of nine recommendations, of which one was a High priority and the remainder Medium. Although the audit received a 'Limited' assurance as a result, the high priority recommendation and one other were implemented immediately, with three outstanding as at 31 March 2012. Target dates have been set for their implementation and progress will be monitored on a regular basis.
- 4.7 The Authority has developed a strategic five year audit plan for the Authority, using a risk based approach, supplemented by an annual audit plan.
- 4.8 The Accounts and Audit (England) Regulations 2011 require that the Authority must undertake an annual review of the effectiveness of its internal audit function, and that this review must be carried out by the same body that reviews the effectiveness of the system of internal control. 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 10 July 2012. 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.
- 4.9 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 a performance management and quality assurance framework to demonstrate that the Internal Audit Service is:
- meeting its aims and objectives;
  - compliant with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006;
  - meeting internal quality standards;

- effective, efficient and continually looking to improve service delivery; and
- adding value and assisting the Authority in achieving its objectives.

- 4.10 Additionally the Authority is informed of the work of Audit Commission appointed auditors and inspectors, including receipt of the Annual Governance Report and annual audit and inspection letter.
- 4.11 The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's internal control environment, including its corporate governance framework and risk management arrangements, identifying any weaknesses that qualify this opinion and highlighting significant issues.
- 4.12 On the basis of the internal audit work undertaken during 2011/12, it is the opinion of the Head of Internal Audit that the Authority's internal control environment is 'Adequate', in accordance with the definitions provided in that report. For the purposes of this opinion, the 'internal control environment' includes the Authority's corporate governance arrangements and systems of risk management. The Head of Internal Audit has indicated, with regard to the provisions in place, that she is able to give a 'Good' opinion in relation to Corporate Governance and Risk Management arrangements. This represents a noticeable improvement on the previous year, when an 'Adequate' assurance was awarded.
- 4.13 We have been 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 those significant governance issues which have been identified and to secure continuous improvement in the Authority's governance arrangements. This is set out at Appendix 1b.
- 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 Action Plan is monitored on a regular basis by the Director of Change Management and Resources, and a record of progress against the recommendations is maintained.
- 5.4 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed  .....  
Dr J S Johnson, Chairman

Date 3/10/2012 .....

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

Date 2/10/2012 .....

# Annual Governance Statement 2011/12

## 2012/13 Action Plan

| Action  | Lead Officer(s)   | Target Date        | Priority |
|---|---|--------------------|----------|
| <b>Asset Management</b>   |   |                    |          |
| Develop consolidated asset database   | Director of Change Management and Resources/Asset Officer                     | By 31 March 2013   | H        |
| Identify further liabilities and associated costs arising out of Broads Authority assets, and incorporate into capital programme  | Director of Change Management and Resources/Asset Officer                     | By 31 October 2012 | H        |
| <b>Business Continuity</b>  |   |                    |          |
| Review and update the Business Continuity Plan and Disaster Recovery Plan to have regard to the virtualisation of the server network and changes resulting from the Premises Strategy | Head of Governance and Executive Assistant/Head of ICT and Collector of Tolls | By 31 March 2013   | H        |
| <b>Carbon Reduction</b>   |   |                    |          |
| Implement measures to reduce carbon uses according to targets for the year for travel, utilities and paper  | Head of Strategy and Projects   | By 31 March 2013   | M        |
| Develop procurement and measurement approach for main practical materials – timber, aggregates and steel  | Environment and Design Supervisor   | By 31 March 2013   | M        |

| Action  | Lead Officer(s)                             | Target Date         | Priority |
|---|---|---------------------|----------|
| <b>Data Management and Monitoring</b>   |   |                     |          |
| Formalise a data quality policy   | Director of Change Management and Resources | By 31 March 2013    | L        |
| Identify a set of relevant and proportionate performance indicators to measure progress and contribute to the State of the Park Report      | Strategy and Projects Officer               | By 31 December 2012 | M        |
| Establish internal staff group to aid monitoring and reporting of progress against Broads Plan  | Strategy and Projects Officer               | By 31 October 2012  | H        |
| <b>Data Protection</b>  |   |                     |          |
| Provide training for all members of staff as required in compliance with the Data Protection Act.   | Head of ICT and Collector of Tolls          | By 31 October 2012  | H        |
| <b>Democratic Framework</b>   |   |                     |          |
| Undertake review of consultative arrangements   | Director of Planning and Strategy           | By 31 January 2013  | H        |
| Review Terms of Reference of Committees/ Scheme of Powers Delegated to Officers following completion of review of consultative arrangements | Director of Change Management and Resources | By 31 March 2013    | M        |
| <b>Equality</b>   |   |                     |          |
| Review and update the Equalities Policy   | Head of Human Resources                     | By 31 December 2012 | H        |



| Action   | Lead Officer(s)   | Target Date         | Priority |
|--|---|---------------------|----------|
| Undertake an Equal Pay Audit   | Director of Change Management and Resources/Head of Human Resources | By 31 October 2012  | M        |
| Provide training for staff and members in equalities issues  | Head of Human Resources   | By 31 December 2012 | M        |
| Collect data about staff and volunteers, to enable an equality analysis of employment policies and practices to be carried out   | Head of Human Resources   | By 31 March 2013    | M        |
| <b>Health and Safety at Work</b>   |   |                     |          |
| Review and update Health and Safety Policy to include new arrangements for managing health and safety and validate risk profile  | Head of Safety Management   | By 31 March 2013    | M        |
| <b>Human Resources</b>   |   |                     |          |
| Develop Workforce Strategy to clarify staffing structure and requirements from April 2013  | Director of Change Management and Resources                         | By 31 October 2012  | H        |
| Review and update Scheme of Local Conditions of Service and all existing HR policies to ensure that they are in accordance with current legislation and where appropriate incorporate the requirements of volunteers | Director of Change Management and Resources/Head of Human Resources | By 31 March 2013    | M        |
| Provide guidance for staff to raise awareness of the Counter Fraud, Corruption and Bribery Strategy, Whistle Blowing Policy and Code of Conduct for Staff  | Director of Change Management and Resources                         | By 31 October 2012  | M        |

| Action   | Lead Officer(s)   | Target Date         | Priority |
|--|---|---------------------|----------|
| <b>Information Technology</b>  |   |                     |          |
| Identify and develop IT strategies and policies, including for the new Tolls Management System   | Head of ICT and Collector of Tolls                          | By 31 December 2012 | M        |
| <b>Succession Planning</b>   |   |                     |          |
| Determine responsible officers for handover of duties from the Director of Change Management and Resources in April 2013 and provide briefings where appropriate on activities/timetable of work | Director of Change Management and Resources/Management Team | By 31 March 2013    | M        |
| <b>Volunteer Management</b>  |   |                     |          |
| Update and develop Volunteer Handbook, Strategy, policies, role descriptions and code of conduct as appropriate, and communicate to volunteers   | Volunteer Coordinator                                       | By 31 March 2013    | M        |