

ANNUAL GOVERNANCE STATEMENT

FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

SCOPE OF RESPONSIBILITY

Dartford Borough Council (the Council) 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. The Council also has a duty under the Local Government Act 1999 (as amended) to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for implementing proper arrangements for the governance of its affairs, the stewardship of the resources at its disposal and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance (the Local Code), which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. The Local Code is published on the Council's website at www.dartford.gov.uk.

This statement explains how the Council has complied with the Local Code and with meeting the requirements of regulation 6 of the Accounts and Audit Regulations 2015 to review and report on the effectiveness of its system of internal control and to prepare an Annual Governance Statement.

The Council has in place appropriate management and reporting arrangements to enable it to satisfy that its approach to corporate governance is adequate and effective in practice.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and by which it, through its activities, can account to, engage with and lead the community. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an

ongoing process designed to identify and prioritise the risks to the achievement of the Council'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.

This Annual Governance Statement is produced for the year 1 April 2018 to 31 March 2019 and includes the period up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are summarised below:

Identifying and communicating our vision and outcomes for citizens and service users

The Corporate Plan 2017-2020 has been approved by the General Assembly of the Council [17 July 2017 Min 34]. The Corporate Plan is published on the Council's website.

Reviewing our vision and its implications for our governance arrangements

Progress towards the achievement of the objectives is monitored through the Performance Management Framework, with performance reports to Management Team, Cabinet and Policy Overview Committee, and through other internal review mechanisms.

Measuring the quality of services for users, to ensure that they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources

The Council measures the quality of service to users through a number of mechanisms including:

- Customer surveys
- Comments, compliments and complaints
- Monitoring against targets and indicators
- Scrutiny by the Scrutiny Committee and reviews by the Policy Overview Committee
- Comparison with similar authorities

Establishing clear channels of communication with all sections of our community and other stakeholders, ensuring accountability and encouraging open consultation

The Council has developed a Consultation and Engagement Strategy to meet its duty to inform, consult and involve people in the delivery of Council services. An Equalities and Diversity Document Framework has been developed to meet the Council's obligations under the Equality Act 2010. The Statement of Community Involvement sets out how the community will be involved in decisions about the Council's Local Plan.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

The Council has an adopted Constitution, which details how the Council operates, how decisions are made, and the procedures, which are to be followed to ensure that these are efficient, transparent and accountable to local people. The Constitution defines the terms of reference for all Council committees. The Cabinet (exercising the executive functions of the Council) is responsible for most decisions. The Cabinet is made up of the Leader and Six Councillors. The Council elects the Leader and the Leader appoints the Cabinet. Major decisions are published in advance, in the Regulation 9 Notice, and will generally be discussed in a meeting open to the public. All decisions must be in line with the Council's overall policies and budget. Any decisions the Cabinet wishes to take outside the budget or policy framework must be referred to the General Assembly of the Council to decide. There is a Scrutiny Committee that scrutinises the work of the Cabinet, presenting challenge and the opportunity for a decision to be reconsidered. Most scrutiny is undertaken post-decision but a "call-in" procedure allows Scrutiny Committee to also review Cabinet decisions before they are implemented.

The Policy Overview Committee reviews general policies and makes recommendations on future policy options to Cabinet.

A Scheme of Delegation to Officers is approved by the Cabinet/General Assembly of the Council. This defines the framework and limits within which officers can take decisions.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The standards of conduct and personal behaviour expected of Council Members and Officers, its partners and the community are defined and communicated through codes of conduct and protocols. These include:

- A Member Code of Conduct
- An Employee Code of Conduct
- Regular performance appraisals for staff linked to corporate and service objectives
- An Anti-Fraud and Corruption Strategy
- A Member/Officer Protocol
- A Whistleblowing Policy
- An Annual Monitoring Officer report
- An Audit Board to oversee and monitor the Member Code of Conduct

Whistleblowing and receiving and investigating complaints from the public

The Council's Whistleblowing Policy is reviewed each year and provides for confidential reporting on matters of concern. Informants are requested to be open in

their disclosure, but it is recognised that on occasions, informants will wish to remain anonymous.

The Council has an effective Corporate Complaints Procedure. A report is submitted annually to the Audit Board on corporate complaints. The Cabinet receives an annual report from the Local Government and Social Care Ombudsman containing feedback statistics from the complaints made to the Ombudsman and comment on the Council's performance in responding to Ombudsman investigations.

Reviewing and updating standing orders, financial instructions, scheme of delegations and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Standing Orders, Contract Standing Orders, Financial Regulations and the Scheme of Delegations to Officers are regularly reviewed as are supporting procedures and manuals.

Compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council has a duty to ensure that it acts in accordance with the law and various regulations in the performance of its functions. It has developed policies and procedures for its Officers and Members to ensure that, as far as possible, they understand their responsibilities both to the Council and to the public. Key documents and procedures include:

- Standing Orders
- Contract Standing Orders
- Procurement Guide
- Finance Guidance incorporating Financial Regulations
- Money Laundering procedures
- Committee reporting procedure including requirements for the monitoring of legal and financial implications
- Regular training on new legal requirements
- Regular updates from the Head of Legal Services for Members and Officers on key changes to the local authority legal framework

Other key corporate policies on a range of topics such as Equalities, Customer Care, Data Protection, Freedom of Information and Fraud have been adopted. All policies are subject to internal review, to ensure they are adequately maintained and fit for purpose.

Measuring the quality of services for users, for ensuring they are delivered in accordance with our objectives and for ensuring that they represent the best use of resources

The Council, through its budgetary monitoring and control processes, ensures that financial resources are being used in accordance with the budget and corporate policy

via regular management reporting to Directors, the Finance Portfolio Member and Cabinet.

Financial planning is underpinned by service planning and annual budget reviews to ensure that individual service plans and service improvements are in line with corporate objectives.

Through performance reports, corporate and key service objectives are monitored to ensure that performance targets and indicators are being achieved.

Economic, effective and efficient use of resources is subject to review through the work of the Scrutiny and Policy Overview Committees, Internal and External Audit and annual budget reviews.

Financial Management

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the S151 Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The CIPFA Statement on the Role of the Chief Financial Officer is reported to the General Assembly as part of the annual budget report. The Council meets all the governance requirements contained in the statement.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties where practical, management supervision and a system of delegation and accountability.

In particular, the process in 2018/19 included:

- The setting of a one year detailed budget and Medium Term Financial Plan;
- Monitoring of actual income and expenditure against the annual budget;
- A detailed budget review by officers and Members;
- Setting of financial and performance targets;
- Regular reporting of the Council's financial position to Members;
- Clearly defined capital expenditure guidelines;
- Managing risk in key financial service areas.

Effectiveness of Internal Audit

The Council's Internal Audit service is provided in partnership with Sevenoaks District Council.

During 2018/19, the internal audit team have worked to deliver and achieve the annual audit plan, approved by the Audit Board in April 2018. The service has provided regular updates to Members on the outcomes of audit work, progress on implemented audit

actions, and also updates regarding the outstanding actions from the External Quality Assessment.

In August 2018 the Council entered into a secondment with Mid Kent Audit for the provision of an Audit Manager, a role that also fulfils the Chief Audit Executive functions. Over the course of the year the service has taken steps to review, update and improve delivery of audit work, and the Internal Audit process has been revised to reflect the requirements of the Public Sector Internal Audit Standards (PSIAS).

Internal audit have issued no adverse audit conclusions in 2018/19, and audit actions have been agreed and fully implemented. The Audit Board request details of outstanding or deferred high priority actions, and while the Board has not expressed any concerns over 2018/19, they have the power to invite Officers to attend meetings to provide updates directly.

Individual audit reports continue to be issued and distributed to relevant Senior Managers, with copies to the Managing Director and Section 151 Officer.

The effectiveness of the Internal Audit service was assessed in 2017/18 (using the PSIAS checklist) following the formal follow-up of the EQA by PricewaterhouseCoopers. The assessment highlighted a number of outstanding actions which have been addressed during 2018/19. The assessment will be undertaken again in early 2019/20 to inform the Annual Audit Opinion. The outcomes, along with any actions will be reported to the Audit Board later in the year.

The service review and future strategy of the Internal Audit partnership will be finalised in the coming year (2019/20) and the Audit Board, as those charged with governance, will provide continued oversight and direction as required. As such, the operation of the service will also be monitored by the Strategic Management Team, and the Section 151 Officer.

Performance and Risk Management

Performance indicators and targets remain under review and are monitored and reported internally and externally. Management information on key performance indicators are reported monthly. Performance data has continued to be managed through Pentana, which enables the Council to input, collate, and report on real time performance as necessary.

Over the course of the year the Council has recognised the need to refresh and improve the risk management framework. The Council will be working with the Audit Partnership to update and rollout a new risk process over 2019/20. This work will include updating the risk process to meet recognised modern practices, and creating a greater link between operational and strategic level risks.

By doing this, the Council will have greater oversight and more effective management of key risks as they arise.

The development needs of Members and senior officers in relation to their strategic roles, are supported by appropriate training

Members receive training on key topics or where significant changes have occurred or new legislation introduced. Training for officers is considered at the annual appraisal meeting and also during the year, if required.

REVIEW OF EFFECTIVENESS

Dartford Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. This review is informed by:

- The work of Internal Audit and the Chief Audit Executive's Annual Opinion.
- The work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment
- The work of the Data Protection Officer
- The work of the Senior Information Risk Owner
- The opinion of the external auditors as expressed in their annual report to the Audit Board.
- The detailed review undertaken on behalf of the Management Team.
- The overview provided by Management Team.
- The Monitoring Officer's Annual Report to the Audit Board.

The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

Council

The Corporate Plan and the budget are approved and reviewed by the General Assembly of the Council. Other strategies and policies are approved and reviewed by the General Assembly of the Council (where the functions are reserved to it, by legislation).

Cabinet

The Cabinet receives reports on financial performance. strategies and policies are approved and reviewed by Cabinet (where the functions are reserved to Cabinet, by legislation).

Scrutiny Committee and Policy Overview Committee

These Committees have respectively a role in (a) reviewing/scrutinising action and decisions taken, (b) advising on and reviewing policies and (c) external scrutiny i.e. looking at issues which lie outside the Council's responsibilities.

Audit Board

The Audit Board receives quarterly updates on the assurance, which can be placed on various systems and processes during the year, along with an annual assessment at the year-end.

The Audit Board reviews reports presented to it by the Audit Manager (Chief Audit Executive). The Board receives a summary of all internal audit reports and keeps a check on those areas where adverse audit findings or assurance is given. Additionally, the Board has regard to the effectiveness of the Council's risk management arrangements.

The Audit Board receives an annual report from the Monitoring Officer on ethical governance arrangements and on the effectiveness of the Corporate Complaints Procedure.

Ethics is a key element of governance and the purpose of the Monitoring Officer's annual review of the Council's ethical governance is to ensure that robust arrangements are in place and that the Council continues to develop and improve management and reporting arrangements so as to satisfy itself that its approach to ethical governance is both adequate and effective in practice.

Data Protection Officer

The Head of legal Services has been appointed the Data Protection Officer (DPO) in accordance with the Data Protection Act 2018 (applying the General Data Protection Regulation) (the 2018 Act).

The DPO's minimum tasks are:

- to inform and advise the Council and its employees about their obligations to comply with the 2018 Act;
- to monitor compliance with the 2018 Act, including managing internal data protection activities, advising on data protection impact assessments, training staff and conducting internal compliance audits;
- to be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc.).

The DPO operates independently and is required to report to the highest management level in the Council.

Senior Information Risk Officer

The Strategic Director (Internal Services) is the Council's appointed SIRO who has responsibility for ensuring that the Council's IT systems' risk within the organisation is managed appropriately.

The SIRO's other responsibilities can be summarised as:

- owning the Council's overall IT Security Policy and IT risk assessment processes and ensuring they are implemented consistently by Information Asset Owners;
- advising the Management Team and the Audit Board on the information risk aspects of the Council's statement on internal controls/annual governance statement;

- reporting to the Audit Board on the effectiveness of the Council's' cyber security management processes;
- owning the Council's IT incident management framework.

Annual Audit Opinion

Based on the work completed to date in 2018-19 and other sources of assurance available to the function, the Chief Audit Executive's overall annual assurance opinion is that the Council's arrangements for internal control, risk management, governance and anti-fraud during the period is "effective".

SIGNIFICANT GOVERNANCE ISSUES

On the basis of the review undertaken and consideration by the Managing Director, the Council is satisfied that there are no significant governance matters that need to be brought to the immediate attention of Members and that the Council's corporate governance arrangements are adequate and operating effectively.

However, the Council continues to seek to improve and strengthen the governance and control environment. As such, the assessment against the Governance Code and Principles have highlighted some areas for improvement. A supporting action plan is appended to this statement.

Over the coming year, the Council will monitor and track progress against the action plan, to ensure steps are taken to improve and enhance its governance arrangements. The Council 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 next annual review.

The Leader of the Council *J Kite*

Managing Director *G Harris*