

Annual Governance Statement 2015/16

1. SCOPE OF RESPONSIBILITY

- 1.1. North Norfolk District Council (NNDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. NNDC 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, NNDC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. NNDC has approved and adopted a local 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 Council's local code is on our website at www.northnorfolk.org or can be obtained from the Head of Finance at the Council Offices, Holt Road, Cromer. This statement explains how NNDC has complied with the code and also meets the requirement of regulation 4[3] of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an annual governance statement, prepared in accordance with proper practises in relation to internal control and is reviewed annually or more frequently as required. In addition NNDC's framework for delivering good Corporate Governance is embedded within its constitution, policies and procedures.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to appropriate, cost-effective service delivery.
- 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 Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.
- 2.3. The governance framework has been in place at NNDC for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

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3. THE GOVERNANCE FRAMEWORK

- 3.1. The Councils governance framework is derived from the following principles:
- 3.1.1. focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
 - 3.1.2. members and officers working together to achieve a common purpose with clearly defined functions and roles;
 - 3.1.3. promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - 3.1.4. taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
 - 3.1.5. developing the capacity and capability of members and officers to be effective; and
 - 3.1.6. engaging with local people and other stakeholders to ensure robust public accountability.
- 3.2. 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 not fully achieving policies, aims and objectives and therefore provides a reasonable rather than 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 NNDC 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.
- 3.3. The following section goes through in detail each of the key principles of the governance framework.

4. THE SIX KEY PRINCIPLES

- 4.1. ***Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area***
- 4.1.1. The Council's [Corporate Plan 2015-2019](#) sets out what the Council wants to achieve over the four year period 2015 to 2019 and details five key areas for the Authority. Under each of the key areas the Corporate Plan sets out the priorities and a number of actions to deliver the plan, the key areas and priorities are outlined below.

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Key Areas	Priority
Jobs and the Local Economy	A district with a thriving economy offering better jobs and prospects for local people
Housing and Infrastructure	To address housing and infrastructure for local people whilst meeting the market demand for housing
Coast and Countryside	A district where the beautiful natural environment is managed and protected for future generations
Health and Well-Being	A district with vibrant communities and where healthy lifestyles are accessible to all
Delivering Service Excellence	To make the council more efficient so that we can both deliver our priorities and offer value for money for local taxpayers

- 4.1.2. The Corporate Plan contains details of what the Council wants to achieve, the methods to be employed in delivering the key priorities and is accompanied by an annual [action plan 2015-16](#) setting out the details which underpin the Corporate Plan. In addition, members receive an annual Medium Term Financial Strategy (MTFS) that draws on other strategies, including ICT, asset management and human resources covering a rolling four-year period, which is used to set initial parameters for the annual budget process and underpins the delivery of the Corporate Plan. The MTFS is reported to Cabinet and Scrutiny ahead of approval by Full Council annually. ([MTFS 2016-17 to 2019-20](#)).
- 4.1.3. The Council has an effective performance management framework utilising a dedicated IT system (TEN) to record and report upon performance management information. The system is driven by the Corporate Plan which focuses attention on Council priorities. This is cascaded through departmental service plans, individual employee appraisals and action plans. It is clearly established in the annual service and financial planning and performance management cycle and comprises of monthly reports to Management Team and quarterly reports to Members upon progress of delivering the overall plan.
- 4.1.4. The Annual Report represents the culmination of the annual planning and reporting process. The report evidences the compliance of the Council with its Performance Management Framework and is reported in June each year.
- 4.1.5. The Council's Cabinet, Scrutiny Committee and the Performance and Risk Management Board monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action on a regular basis

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where necessary. These reports also include a minimum of four budget monitoring reports including the outturn report, covering the revenue account, capital projects, key prudential code indicators, treasury management and certain specific budget areas regarded as particularly sensitive. In addition the half yearly treasury management report is reported to Members during the year. The reporting process is under constant review in order to develop its maximum potential, and we are conscious that the financial information needs to be closely linked to the service performance information.

- 4.1.6. All budget headings are allocated to a named budget officer, who is responsible for controlling spend against a budget. This control is reinforced by regular budget monitoring reports to Cabinet and Overview and Scrutiny Committee culminating in the annual outturn report to Members in June ahead of the production of the draft statement of accounts.
- 4.1.7. The Council maintains an objective and professional relationship with external auditors and other statutory inspectors, as evidenced by the Annual Audit Letter.
- 4.1.8. Through reviews by external agencies, and Internal Audit, the Council constantly seeks ways of ensuring the economic, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised.
- 4.1.9. During the year, the Constitution Working Party met to review and recommend changes to the Member/Officer protocol.
- 4.1.10. The Performance and Risk Management Board has defined terms of reference to develop a comprehensive performance framework for risk management and to embed risk management across the Council. The Performance and Risk Management Board maintains the risk register, and submits it to the Audit Committee on a regular basis. The representatives on the Business Continuity Working Group is currently under review this has not impacted on the delivery of Business Impact Assessments which are now in place for critical areas and Business Continuity Plans have been strengthened with critical services having complete documentation.

4.2. *Members and Officers working together to achieve a common purpose with clearly defined functions and roles*

- 4.2.1. The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear.
- 4.2.2. The Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people. It does this by electing a Leader and appointing a Cabinet. The Leader then allocates executive responsibilities to the members of the Cabinet.

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- 4.2.3. The Council publishes a forward plan which contains details of key decisions to be made by the Cabinet. Each Cabinet member has a specific portfolio of responsibilities requiring them to work closely with senior officers and other employees so as to achieve the Council's ambitions. The Cabinet operates on the basis of collective responsibility.
- 4.2.4. Additionally, the Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. These leadership roles, and the delegated responsibilities of officers, are set out in the Constitution, the Council has a Constitution working party established that consider revisions to the constitution. During the year the working party met to review the officer/member protocol.
- 4.2.5. All Committees have clear terms of reference and work programmes to set out their roles and responsibilities. An Audit Committee provides assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.
- 4.2.6. Meetings are open to the public except where personal or confidential matters are being discussed. Public speaking was introduced to all Committees and Full Council some years ago to improve openness and accountability and this opportunity has been used by members of the public on occasions during the year. In addition, senior officers of the Council can make decisions under delegated authority, the extent of these delegations is set out in the Constitution.
- 4.2.7. The Constitution also includes a Member/Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.
- 4.2.8. The Council's Chief Executive (and Head of Paid Service) leads the Council's officers and chairs the Corporate Leadership Team which consists of the Chief Executive and two Corporate Directors. All staff, including senior management, have clear conditions of employment and job descriptions which set out their roles and responsibilities.
- 4.2.9. The Head of Finance has been appointed as the s151 Officer under the Local Government Act 1972, carrying overall responsibility for the financial administration of the District Council and is member of the Management Team. The Council complies with the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government. The corporate finance function headed by s151 Officer, provides support to each service area of the Council in respect of budget preparation, financial monitoring and advice.
- 4.2.10. The Monitoring Officer position is provided under contract with NP Law and carries overall responsibility for legal compliance supported by a legal team. The Council employs four practising solicitors.
- 4.2.11. The Council's Corporate Leadership Team (CLT) is made up of the Chief Executive and two Corporate Directors who meet on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. CLT also considers other internal control

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issues, including risk management, performance management, compliances, value for money and financial management. CLT also meets with Cabinet on a regular basis to review progress in achieving the Council's ambitions, priorities for action, performance management and forward planning for major issues.

4.2.12. Below CLT the management structure is well defined in a hierarchical manner, comprising the following teams:

Title	Principal Objectives
Corporate Leadership Team (CLT) (Consists of Chief Executive and Corporate Directors)	Weekly meetings that deal with forward workplan and media issues Provides collective responsibility for: <ul style="list-style-type: none"> • Providing corporate leadership; • Employee development ; • Internal and external communications; • Performance management; and • Co-ordinating and delivering corporate objectives and priorities for action; • Reviews corporate policy implementation; • Agrees corporate standards; and • Considers key operational matters

Title	Principal Objectives
Management Team (MT) (Consists of CLT and Heads of Service)	Monthly meetings consisting of all Heads of Service and members of Corporate Leadership Team. To work with the Corporate Leadership Team in the leadership of the Council so as to deliver the Council's Corporate Plan and provision of high quality services to the District's residents, businesses and visitors. To work as one team to deliver the Council's objectives and vision by <ul style="list-style-type: none"> • Leading by example - promoting the values and principles of the Council

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Title	Principal Objectives
	<ul style="list-style-type: none"> • Utilising collective skills, knowledge and experience • Creating a safe, collaborative and respectful environment where robust challenge and informed and managed risk taking is acceptable • Keeping colleagues informed on matters which may impact on other service areas • Collectively updating CLT on matters of strategic or reputational importance • Providing consistent and regular communication to staff on key issues and activities • Listening to, sharing and reacting to feedback from staff, Councillors and service users • Deputising on generic management issues for other Heads of Service as required • Providing shared understanding of the changes the Council needs to take in order to gain 'buy in' from staff • Taking joint responsibility to empower and motivate staff to provide the best possible service and be proud of their achievements • Continually challenging current working practices and identifying flexible and innovative ways to maximise efficiency and effectiveness • Taking responsibility for implementing changes (within budget) to service delivery, including across services • Driving a customer service ethos throughout the organisation • Measuring and managing performance against key indicators

Title	Principal Objectives
Extended Managers Group (Consists of all Managers that Report to a Head of Service)	<ul style="list-style-type: none"> • Quarterly meetings of all Managers that report to a Head of Service • Deliver consistent messages through the organisation • Keeping managers informed on matters which may impact on their teams and services

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In addition there are specific groups established to progress issues on a corporate basis, examples include the following:

Group	Principal objectives
Coastal Management Board (Consists of Members and Officers)	<ul style="list-style-type: none"> • The Board meets on a quarterly basis, with additional meetings if required; • To oversee coastal adaptation and policy and coast defence capital works; • Providing strategic steer for the overall management of the coastal issues at NNDC; • Provides an officer/member corporate group to ensure an integrated approach is taken to all coastal issues and inform the development of an Integrated Coastal Management Plan; • Make recommendations to Cabinet as appropriate; • Reports into the Coastal Forum.
Performance and Risk Management Board (Consists of the Leader, Deputy Leader and Portfolio member for Resources, CLT Representatives, Head of Finance and Head of Organisational Development)	<p>To maintain a performance management framework that is understood and implemented by all;</p> <ul style="list-style-type: none"> • To identify and manage the Council's strategic and operational risks and strengthen business continuity; • To ensure that all staff and Members have a shared understanding of the council's priorities and of what is needed to be done to realise those priorities; • To ensure that the commitment given to performance and risk management is commensurate with the importance placed on embedding a successful performance and risk management culture; • To ensure that services deliver the corporate objectives by challenging the measures and targets put forward by service heads / managers; • To ensure that management and Council decisions are based on valid, accurate and timely information; • Report to Audit Committee, Scrutiny or Cabinet.
Housing and Planning Policy Board (Consists of the Leader and Portfolio Member and Officers)	<ul style="list-style-type: none"> • Provide a steer to the work of the Housing and Planning Policy Teams to ensure a strategic approach to deliver the Council's Growth Agenda; • Report to Planning Policy and Built heritage Working Party.
Big Society Grant Panel	<ul style="list-style-type: none"> • Receive and determine applications for Big Society and Enabling funding; • Make recommendations to Cabinet on large grant applications.

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Group	Principal objectives
(Consists of Members and Officers)	

4.2.13. There are also operational officer groups that monitor the delivery of a number of corporate projects including the following:

Group/Board	Principal Objectives
Digital Transformation Board (consists of CLT representatives, Head of Finance, Head of Business Transformation and IT, head of Organisational Development, Communications and PR Manager, Programme and Projects Manager, Customer Services Manager)	<ul style="list-style-type: none"> • To monitor deliver of the Digital Transformation programme and the projects that support the overall delivery. • to provide direction and leadership to the programme and project teams; • to monitor, review and update progress against the Programme Plan including Benefits Realisation; • to approve reports to Cabinet regarding the delivery of the Business Transformation Programme; • to monitor and consider changes and amendments to the Programme.
Major Project Board (consists of CLT, relevant Head of Service, Communications and PR Manager, Programme and Projects Manager)	<ul style="list-style-type: none"> • To monitor and enable work on the Major Projects across the council by sharing understanding of the projects purpose, best practice and information within services; • To provide CLT with an overall picture of the major projects being undertaken by the council; • To facilitate a “corporate dialogue” on the major projects the council has chosen and is considering undertaking.

4.3. ***Promoting values for the community and demonstrating the values of good governance through upholding high standards of conduct and behaviour.***

4.3.1. The Council has adopted a number of codes and protocols that govern both Member and Officer activities. These are:

- Members Code of Conduct;

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- Officers Code of Conduct;
- Planning Protocol;
- Members' declarations of interest;
- Member/Officer relations; and
- Gifts and hospitality

4.3.2. The Council takes fraud, corruption and maladministration very seriously and has the following policies in place which aim to prevent or deal with such occurrences:

- Anti-Fraud and Corruption Policy;
- Whistle Blowing Policy; and
- HR policies regarding the implications for staff involved in such incidents.

4.3.3. It is part of the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting the Chief Executive and Head of Finance, the Monitoring Officer can report to the Full Council if any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

4.3.4. The financial management of the Council is conducted in accordance with the financial rules set out in the Constitution and with Financial Regulations. The Council has designated the Head of Finance as its Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a four-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.

4.3.5. The Council maintains an externalised Internal Audit function, which operates to the Public Sector Internal Audit standards. The Council continued to be part of the Internal Audit Consortium in 2015/16 whereby South Norfolk District Council provide internal audit services to a consortium of client authorities under a contract with TIAA Public Sector Internal Audit Ltd. 2015/169 was the first year of the contract with TIAA (contract was previously with Mazars).

4.3.6. Service Plans are produced and updated annually so as to translate the Corporate Plan and Annual Action Plan requirements into service activities and to take into account available funding. In this way services identify and plan to achieve the Council's priorities and ambitions. These plans also identify any governance impact.

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4.3.7. At employee level the Council has established an Employee Development Scheme so as to jointly agree employee objectives and identify training and development needs. The Scheme provides for an annual appraisal for each member of staff at which past performance is reviewed, work objectives are planned and also provides for regular monitoring of performance during the year.

4.4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

4.4.1. The Council's Constitution sets out how the Council operates and the process for policy and decision making.

4.4.2. Full Council sets the policy and budget framework. Within this framework, all key decisions are made by the Cabinet. Cabinet meetings are open to the public (except where items are exempt under the Access to Information Act).

4.4.3. The Leader's *Forward Plan* of key decisions to be taken over the next three months is published on the Council's website.

4.4.4. All decisions made by Cabinet are made on the basis of reports, including assessments of the legal and financial implications, policy and equalities assessments, and consideration of the risks involved and how these will be managed. The financial and legal assessments are provided by named finance and legal officers as part of the report production stage.

4.4.5. The decision-making process is scrutinised by a scrutiny function which has the power to call in decisions made, but which also undertakes some pre-decision scrutiny and some policy development work.

4.4.6. Other decisions are made by officers under delegated powers. Authority to make day to day operational decisions is detailed in a departmental Scheme of Delegation.

4.4.7. Policies and procedures governing the Council's operations include Financial Regulations, Contract Procedure Rules and a Risk Management Framework. Ensuring the policies are up to date and complied with is the responsibility of managers across the Council. The Internal Audit, Finance and Legal Services also check that policies are complied with. Where incidents of non-compliance are identified, appropriate action is taken.

4.4.8. The Council's Risk Management framework requires that consideration of risk is embedded in all key management processes undertaken. These include policy and decision making, service delivery planning, project and change management, revenue and capital budget management and partnership working. In addition, a Corporate Risk Register is maintained and the Performance and Risk Management Board meets regularly to review the extent to which the risks included are being effectively managed. The Audit Committee oversees the effectiveness of risk management arrangements and provides assurance to the Council in this respect. Financial Management processes and procedures are set out in the Council's Financial Regulations and include:

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- Comprehensive budgeting systems on a medium term basis;
- Clearly defined capital and revenue expenditure guidelines;
- Regular reviews and reporting of financial performance against the plans for revenue and capital expenditure and income;
- Overall budgets and a clear Scheme of Delegation defining financial management responsibilities;
- Regular capital monitoring reports which compare actual expenditure plus commitments to budgets;
- Key financial risks are highlighted in the budgeting process and are monitored through the year by service and corporately;
- Robust core financial systems; and
- Documented procedures are in place for business critical financial systems, and these are also checked on a regular basis by Internal Audit.

4.4.9. Containing spending within budget is given a high priority in performance management for individual managers. Monitoring reports are submitted to the Cabinet on a quarterly basis linking finance and service delivery performance and also provides a monitoring position on achieving planned savings.

4.4.10. The Council has several committees which carry out regulatory or scrutiny functions. These are:

- Development Control Committee to determine planning applications and related matters;
- Standards Committee which promotes, monitors and enforces probity and high ethical standards amongst the Council's Members, and this extends to having the same responsibility for all town and parish councils within the District;
- Audit Committee to obtain assurance about the adequacy of internal controls, financial accounting and reporting arrangements, and that effective risk management is in place. The committees work is intended to enhance public trust in the corporate and financial governance of the council;
- A Licensing Committee is responsible for policy issues regarding licensing and will consider licensing applications;
- Overview and Scrutiny Committee, which review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions.

4.5. *Developing the capacity and capability of Members and Officers to be effective*

4.5.1. The Council aims to ensure that Members and managers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. All new Members and Officers undertake an induction to familiarise them with protocols, procedures, values and aims of the Council. In May 2015 the District Council elections saw new Members join the Council. The induction programme was carried out over a number of months which covered essential training for relevant committees, for example Development Control and Audit Committee. In addition new members

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(and current members) were provided some more detailed training sessions covering local government finance. The outcomes of the training have been positive to existing and new members.

- 4.5.2. All Council services are delivered by trained and experienced people. All posts have a detailed post profile and person specification. Training needs are identified through the Employee Development Scheme and addressed via the Human Resources service and/or individual services as appropriate.
- 4.5.3. The Council was re-assessed in December 2015 for the Investors in People Standard and was re-accredited at Gold level.
- 4.5.4. In respect of Members, the Council has established a Member Training, Development and Support Group which has continued to meet to support the Member development programme. As part of the arrangements for developing and supporting elected Members the Council has committed itself to achieving the Members Charter which will provide a structured approach to building elected Member capacity.
- 4.5.5. Members who have not undertaken relevant training are not permitted to sit on the regulatory committees for example Development Committee. This, along with the Scrutiny role provides important developmental opportunities for Members.
- 4.5.6. The Council is concentrating on delivering improved service for its customers through an information management strategy designed to enhance the value and usefulness of the corporate resource that information, data and knowledge represents.

4.6. *Engaging with local people and other stakeholders to ensure robust public accountability*

- 4.6.1. The council is revising its communications strategy in 2016/17. The strategy ensures the work of the council is transparent, open and honest in line with the council's values. Our focus is to ensure people get what they need from the council easily by ensuring all information is accurate and readily available whether people choose to visit in person, online or telephone
- 4.6.2. The Communication Strategy sets the framework for both conveying messages and seeking residents' views, and supports the need for further improvement with clear aims and a set of specific actions.
- 4.6.3. The Council has continued to engage with local people and stakeholders on a range of issues, the means of engagement include the following;
 - Surveys;
 - Consultation workshops;
 - Interviews;

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- Public meetings;
- Road shows;
- Attendance at parish and Town Council meetings.

4.6.4. The results of this engagement continue to be used to shape and inform the Council's policies and strategies.

4.6.5. The Council has tried to engage "harder to reach" groups through varying the way in which it conducts consultation so that the views of a broad spectrum of the community can be well represented.

5. REVIEW OF EFFECTIVENESS

5.1. NNDC annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and from comments made by the external auditors and other inspection agencies.

5.2. Both during the year and at year end, reviews have taken place. In year review mechanisms include:

5.2.1. The Cabinet is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.

5.2.2. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. In addition the Constitution Working Party is in place to review the constitution and make recommendations to Full Council as appropriate.

5.2.3. The Council has a Scrutiny Committee which can establish 'task and finish' groups, to look at particular issues in depth, taking evidence from internal and external sources, before making recommendations to the Cabinet. Scrutiny can "call-in" a decisions of the Cabinet which are yet to be implemented, to enable it to consider whether the decision is appropriate. In addition the Scrutiny Committee can exercise its scrutiny role in respect of any Cabinet function, regardless of service area or functional responsibility, and will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.

5.2.4. The Local Government and Public Involvement in Health Act 2007 include powers to enable Councillors to formally champion local issues where problems have arisen in their ward. North Norfolk has embedded the "Councillor Call for Action". This allows Councillors to ask for discussion at Overview and Scrutiny Committee on issues where other methods of resolution by the District member have been exhausted.

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- 5.2.5. The development of the procurement function across the public sector has led to the establishment of a number of framework agreements for purchasing where the detailed work on price and quantity with suppliers has already been carried out. Contracts for supply are only established when goods works or services are called off under the agreement.
- 5.2.6. The Equality Framework builds on the work already undertaken in this area. It is based on three levels of “developing, achieving and excellent”.

The Standards and Conduct provisions of the Localism Act 2011 came into force on 1st July 2012. The authority has appointed an Independent Person pursuant to the Act and has decided to have a Standards Committee (which is now not mandatory). The Committee has received a number of items during the year including reports detailing complaints received by the Monitoring Officer and the status of such complaints. It has held one full hearing in relation to a parish complaint.

- 5.2.7. The Audit Committee met four times during the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee received regular reports on, internal control and governance matters in accordance with its agreed work programme. During the year 15 (16 in 2014/15) internal audit assignments were completed delivered over 170 days (210 days in 2014/15), a reasonable audit opinion was given for the year. All reviews were completed as planned in the year.
- 5.2.8. Internal Audit is an independent and objective assurance service to the management of the District Council. It completes a programme of reviews throughout the year (15 reviews completed during 2015/16) to provide an opinion on the internal control, risk management and governance arrangements. In addition, Internal Audit undertakes fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. All significant weaknesses in the control environment identified by Internal Audit are reported to senior management and the Audit Committee. There were no high risk recommendations raised in the year and no outstanding no high priority recommendations. Internal Audit also carry out bi-annual reviews of the status of implementation of Internal Audit recommendations. During the year there has been a slight drop in the number of recommendations being completed compared to the previous year. At 31 March 2016 there was 19 recommendations outstanding (11 priority two and eight priority three) compared to 10 outstanding at 31 March 2015 (seven medium and three low, note change of classification in 2015/16). Where applicable revised implementation dates have been agreed between Audit and Officers and will be followed up during 2016/17.
- 5.2.9. The External Auditor’s Annual Audit Letter is considered by the Audit Committee and the Performance and Risk Management Board.

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- 5.2.10. The Performance and Risk Management Board monitor Performance Indicators on a quarterly basis and recommend improvements to the Cabinet. They also continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks.
- 5.2.11. The Council continues to review its treasury management arrangements in line with best practice and in response to regular updates and advice from the Council's Treasury advisors, Arlingclose. During the year training was provided to Members on treasury management by the council's advisors.
- 5.2.12. Management Team (Heads of Service and CLT) complete an annual Self-Assessment Assurance Statement which identifies non-compliance in a number of areas including procedures, risk and control, financial management and procurement. Any significant areas of non-compliance will either be taken account of in service plans or if corporate included in the AGS action plan.
- 5.3. The year-end review of the governance and the control environment arrangements by the Performance and Risk Management Board included:
 - 5.3.1. Obtaining assurances from Directors and Heads of Service that key elements of the control framework were in place during the year in their departments.
 - 5.3.2. The statement itself was considered by CLT and is supported by them as an accurate reflection of the governance arrangements in place for the year.
 - 5.3.3. Obtaining assurances from other senior management, including the Monitoring Officer that internal control and corporate governance arrangements in these essential areas were in place throughout the year.
 - 5.3.4. Reviewing any high level audit recommendations that remained outstanding at the year end and taking appropriate action if necessary.
 - 5.3.5. Reviewing external inspection reports received by the Council during the year, the opinion of the Head of Internal Audit in her annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound.
- 5.4. The Audit Committee received assurances from the Head of Internal Audit that standards of internal control, corporate governance arrangements and systems of risk management were all operating to an adequate standard.
- 5.5. The Audit Committee review the effectiveness of the governance framework as part of an annual review of the Local Code of Corporate Governance, and an improvement plan to address weaknesses and ensure continuous improvement of the system is in place.

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6. GOVERNANCE ISSUES

- 6.1. The 2014/15 Annual Governance process highlighted one issue raised in relation to the monitoring of Contract and SLA's and publications in line with the Local Government Transparency Code. During the year there has been some changes to the transparency requirements for local authorities and therefore there is merit in continuing to raise this within the AGS, albeit not a significant issue.
- 6.2. Following from the review of the Annual Governance Statement for 2015/16 and the Self-Assessment Assurance Statements the following actions has been identified. There are still some Internal Audit recommendations not being implemented in accordance with the original timescales, this is an action that will continue to be monitored.

Action	Officer	Target Date
Contract and SLA monitoring including contracts register maintenance and publication inline with transparency requirements	Management Team (All Heads of Service and CLT)	31 October 2016
Implementation of Internal Audit Recommendations	Management Team (All Heads of Service and CLT)	31 March 2017

7. CERTIFICATION

- 7.1. To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangement. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Leader of the Council:

Cllr Tom FitzPatrick

Chief Executive:

Mrs Sheila Oxtoby