

**ANNUAL GOVERNANCE  
STATEMENT FOR THE  
FINANCIAL YEAR 2015/16**



## **SCOPE OF RESPONSIBILITY**

1. Welwyn Hatfield Borough 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 and used economically, efficiently and effectively.
2. The Council 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.
3. In discharging this overall responsibility, the Council 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.
4. This Governance Statement explains how the Council has maintained sound governance during the financial year 2015/16. Regulation 6 (1) (a) of the Accounts and Audit (England) Regulations 2015 requires a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and to include a statement on this review with any Statement of Accounts. Regulation 6 (1)(b) requires that for a local authority in England that the statement is a governance statement.

## **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

5. The governance framework, which has been in place for the financial year 2015/16 comprises the systems and processes as well as the culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
6. 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 and cost-effective services.
7. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and, therefore, can only provide reasonable and not absolute assurance of effectiveness.
8. 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 to manage them efficiently, effectively and economically.

## **THE GOVERNANCE FRAMEWORK**

9. The key elements of the systems and processes that comprise the Council's governance arrangements include:-

### **General**

10. The Council has adopted the Leader and Cabinet style of political management under the Local Government Act 2000 and has a comprehensive Constitution to govern its actions and decision-making.
11. The Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to the local community. Some of these procedures are required by law, whilst others are adopted by the Council. The Constitution is reviewed annually and is available on both the Council's Website and eTeam pages.
12. The Council has an approved Local Code of Governance, which sets out and describes its commitment to good governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council's work. The Local Code of Governance is available on both the Council's Website and eTeam pages.
13. The Council acknowledges its responsibility for internal control and for ensuring that its systems maintain the integrity of accounting records and safeguard its assets. These systems provide reasonable assurance as to the reliability of financial information and to maintain proper control over the income, expenditure, assets and liabilities of the Council. However, no system of internal control can provide absolute assurance against material misstatement or loss.
14. The Executive Board (comprising the Chief Executive and the three Directors) is aware of the financial and other procedures and controls outlined in the Constitution, and each Director and Head of Service is required to sign a declaration of compliance, in the form of a Management Assurance Statement, at the end of each year. Individual Heads of Service also ensure that their staff are aware of and consistently apply the requirements of the Constitution.

### **Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users**

15. The Council's Business Plan currently runs to 2018. This sets out its corporate priorities and objectives for the Borough. These are currently set out under the headings of; maintaining a safe and healthy community; protecting and enhancing the environment; meeting the borough's housing needs; helping build a strong local economy and

providing value for money. The Plan also explains how the Council is engaging with our communities, structured and governed and how, together with the Medium Term Financial Strategy, all of its key resources are drawn together.

16. The Council oversees an annual community engagement programme which seeks the views of local residents and partner organisations on what is important in the Borough, and how its services are perceived in the community. These needs and aspirations are then used to inform how the Council's services are designed and delivered, and many of them are represented in the annual Business Action Plan targets and in individual Service Plan targets.
17. Community priorities and objectives are set out separately in a Community Strategy, which is led by local community partners within the Welwyn Hatfield Alliance, which is the Local Strategic Partnership for the borough. An updated Strategy is due to be approved and published in 2016-17 to complement new governance and structural arrangements that are in place for the Alliance
18. Partners within the Welwyn Hatfield Alliance participate in one of five working groups covering the agreed community priorities of health, economy, climate change, growth and infrastructure and deprivation and exclusion. Their work programmes rely on close partnership working to achieve locally set targets that improve overall quality of life in the Borough.
19. In doing this, the Council and its partners are able to coordinate their resources to make sure that as many locally identified needs as possible are addressed year on year.

#### **Reviewing the Council's vision and its implications for the Council's governance arrangements**

20. Annual reviews of the Council's priorities for the Borough mean that the published vision can evolve over time. This is particularly important in times of significant change in the financial or political environment within which the Council operates. The aim of the Borough's Vision is to safeguard and improve quality of life for everyone who lives in, works in or visits the area. New values which demonstrate what the Council considers to be important when dealing with local residents, businesses and other partners have been added for 2015-18. These are integrity, fairness, transparency and respect.
21. The Council's Business Plan will always form part of its governance arrangements. It is the only strategic document which fully encompasses Council priorities for the Borough, and integrates with other key documents such as the Council's Medium Term Financial Strategy. Collectively, these explain how we seek to make best use of our resources to support our service activities.

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

22. Corporate targets are individually owned by the Council's service teams and are performance managed by the Executive Member, Director and Head of Service who are responsible for them. These are monitored and exception reported through quarterly meetings of an internal Performance Clinic attended by senior Councillors and Officers.
23. Chaired by the Leader, Deputy Leader and Chief Executive of the Council, the Clinic meetings provide an opportunity to discuss and debate progress towards corporate targets and to measure service performance across the suite of core performance indicators. In the case of under-performance, remedial action is identified against each target which falls behind schedule. This is then reported to the first available Cabinet meeting following completion of the Clinic meetings. Clinics also enable discussions to take place on related service matters impacting on the Council.
24. Performance Clinics also include a summary of financial and budgetary performance data for both capital and revenue spending. They also review complaints data for all services and local PR and media activity involving the Council.
25. Community targets, owned by individual partnerships and progressed through the working groups within the Welwyn Hatfield Alliance, are performance managed through meetings of its Executive Group.

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

26. The Council's Constitution sets out the roles and responsibilities of both Members and officers.
27. The Constitution includes Role Descriptions for all Councillors, the Leader, Deputy Leader, Cabinet Members, Lead Members and Chairmen of the Cabinet, the Overview & Scrutiny, Hackney Carriage, Development Management, Standards, Appeals, Complaints, Licensing, Liquor & Regulated Entertainment Licensing and the Audit Committee.
28. The Constitution also includes roles and responsibilities of the three statutory officers (i.e. the Chief Executive's role as the Head of Paid

Service, the role of the Director (Governance) as the Monitoring Officer and the role of the Director (Finance & Operations) as the S151 Officer), the Executive Board as well as Proper Officer Functions. Roles and responsibilities of officers are further defined in the job descriptions for each post.

**Developing, communicating and embedding Codes of Conduct, defining the standards of behaviour for Members and officers**

29. The Council's Constitution sets out:-
- The Code of Conduct for Members – this includes General Provisions, Interests and the Register of Members' Interests
  - The Local Code of Guidance for Members and Officers involved in Planning Matters – this includes conduct of Members and officers, Procedures for Committees considering Planning Matters, Site Visits by Members and by the Development Management Committee.
  - The Officers' Code of Conduct – this includes Standards, Disclosure of Information, Political Neutrality, Relationships, Employment, Outside Commitments, Equality, Separation of Roles during Tendering, Corruption, Use of Financial Resources, Hospitality, Register of Gifts and Hospitality, etc.
  - The Protocol on Member / Officer Relations – this includes the Principles underlying Member / Officer Relations, the roles of Members and Officers, the relationships between the Mayor and officers, the Leader and Members of the Cabinet and officers, the Chairmen and Members of Committees and officers, Officer relationships with Party Groups, etc.
30. A copy of the Constitution is given to each Member when they are first elected to the Council. Copies are also available on the Council's Website, eTeam pages and at Council offices, libraries and other appropriate locations.

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

31. Article 1 of the Constitution commits the Council to provide clear leadership to the community in partnership with others. It aims to enhance the involvement of citizens in decision-making and make the decision-making process efficient, effective and transparent and those involved in it, accountable.

32. There are monthly meetings of the Cabinet and fortnightly meetings of the Executive Board with each Director having clear terms of reference of the business they respectively conduct. There are also fortnightly meetings of the Heads of Service Team and joint meetings with the Executive Board during the year to discuss major projects being progressed by the Council.
33. Individual Cabinet Members meet monthly with Directors to consider the strategic direction, plans and progress of the Council as well as meeting quarterly at a formal Performance Clinic, where there is a strong internal challenge on performance from the Leader, Deputy Leader and the Chief Executive of the Council. Heads of Service also meet formally with their Cabinet Members on at least a monthly basis and at other times as required.
34. There is a realistic level of delegation in place, which permits the Council's business to be conducted as effectively as possible.
35. The Council's Forward Plan and Publication of Decision List provides the three Overview & Scrutiny Committees with proposed and recently made executive decisions, which are used in determining items for scrutiny.
36. The Constitution and the decision-making structures (both Members and Officers) are regularly reviewed to ensure that they are up-to-date, relevant, in line with good practice and fit for purpose. A complete review of these was conducted in 2015. All Members are issued with revised copies of the Constitution.
37. The Council has an approved Risk Management Strategy, which sets out:-
  - the key features of its risk management system
  - roles and responsibilities with regard to risk management
  - its overall approach to the management of risk
  - actions to embed the process in future periods
38. Both the Strategic and Service Risk Registers, which are maintained on the TEN Performance and Risk Management System, can be reviewed at any time by Directors and Heads of Service, and at least once every six months in April and October.
39. Strategic and operational risk information is included in the Performance Clinics and resulting updates are reported to the Executive Board, the Cabinet as well as the Audit Committee

### **Undertaking the core functions of an Audit Committee**

40. The Audit Committee has Terms of Reference, which are included in the Council's Constitution and regularly reviewed to ensure compliance with recognised best practice - the CIPFA publication "Audit Committees : Practical Guidance for Local Authorities".
41. It is recognised that, in order to effectively discharge these responsibilities, the Audit Committee may require any officer to attend meetings of the Committee so it may receive explanations regarding any matter that it is considering.
42. At the beginning of each financial year, the Committee establishes a Work Programme as well as a Training & Development Programme and, at the end of each financial year, it receives a report from officers setting out its performance against both Programmes.

### **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

43. The Council has a full range of policies and procedures and places great emphasis on compliance with these, as well as with the law and other external regulations. Compliance is achieved through the following mechanisms:-

#### Members

Code of Conduct, Role Descriptions, Training & Development and Declaration of Interests

#### Employees

Code of Conduct, Job / Person Specification, Appraisals, Team Meetings and Training & Development

#### Other

- The Constitution and other policies and procedures are available on the Council's Website, eTeam and as hard copy
- Officers prepare timely reports to all of the Council's decision-making bodies (including the Cabinet, the Audit Committee and the Executive Board) on statutory requirements and proposals regarding their implementation
- Standard report formats require officers to consider legal, financial, risk management, security and terrorism, procurement, climate change and equality & diversity implications together with the links to corporate priorities.

- The work of the internal audit service which assists the statutory officers in discharging their duties effectively
- The work of the Council's External Auditors, which provides an opinion on compliance to Members and officers as well as to the Council's other stakeholders

**Whistle-blowing and receiving and investigating complaints from the public**

44. The Council has an external and an internal Whistleblowing Telephone Number as well as a Whistleblowing email address. The Employee Whistleblowing Policy is available on both the Council's Website and eTeam pages. The policy has recently been updated.
45. The Policy covers any malpractice or wrongdoing by any Member or employee of the Council as well as any contractor, supplier, consultant or partner of the Council in the course of their work for the Council.
46. The Council currently operates a 3C (Compliments, Comments and Complaints) system which enables all services to log and respond to customer feedback in a clear and consistent manner. Complaints data is now extracted from Lagan and reported through the Performance Clinics on a quarterly basis. This is supplemented by customer intelligence derived from the Council's Contact Centre database, known as Lagan, which creates and maintains a call history from all customers.

**Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by the appropriate training**

47. The Constitution states that the Council's Standards Committee is responsible for training and advising Councillors on the Code of Conduct. One of the key accountabilities of the Chairman of the Standards Committee is to ensure that all Members and co-opted voting Members of the Council and the Town and Parish Councils within the Council's administrative area have undergone standards training.
48. Induction training is provided for all new members shortly after their election to the Council. New Members of both Licensing & Regulated Entertainment and the Development Management Committee (and any substitutes) have to attend mandatory training before they can attend the Committees. In addition, refresher training will be provided for all Committee Members and substitutes every six months.
49. The Annual Report to Council (May 2016) highlights that attendance at member development events has continued to increase and has

covered such topics as dementia awareness, chairing skills, personal safety, emergency planning, local government finance and an immigration workshop. Events were also held jointly through the Hertfordshire Member Development Network.

50. Members and staff have received the appropriate training in relation to section 11 of the Children's Act 2004, which relates to safeguarding including training on safeguarding vulnerable adults.

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

51. The Council co-ordinates an annual community engagement programme which deploys a range of consultation methods at a local level. These include online surveys with a Borough Panel, public meetings on local priorities at service level, online budget consultation "You Choose", liaison meetings with Town and Parish Councils, and attendance at local community events across the Borough to confirm our understanding of what residents and stakeholders have told us. Social media channels such as Facebook and Twitter have been added to this over recent years and their use as a means of communication and feedback with residents is steadily rising. The increasing use of interactive web pages and e-forms, where visitors can provide comments and make further service requests, is also used to enhance our customer intelligence data. Our website was updated in early 2014 so that it is now responsive to mobile devices such as tablets and smart phones. This is because the volume of customers who choose to contact us this way is increasing.
52. Feedback from the engagement programme informs budget and target-setting for the following financial year. This has become increasingly important following the imposition of a tough local government finance settlement for the period leading up to 2015.
53. The government has included a duty on local authorities to respond to petitions in the Local Democracy, Economic Development and Construction Act 2009. The Act provides that people in all areas of England and Wales will be guaranteed a response from their council to both electronic and paper petitions. Citizens who are able to get the number of signatures specified in their council's petitions scheme will be guaranteed a public, full council debate on their concerns. If the petition organiser does not believe the council's response to their petition is adequate, they will have a new right to ask the appropriate overview and scrutiny committee to review the response.
54. The implementation of the Localism Act 2011 has also strengthened local democracy and promoted local accountability by public bodies such as the Council. This wide ranging Act has implications for the Council across the key areas of governance and standards, powers of

competence, community rights, and the delivery of planning and housing services. The Council has now developed a proportionate response to the Act so that communities who wish to take advantage of these new rights have unfettered access to do so.

55. All Council meetings can now be filmed, audio-recorded, photographed or reported electronically by the use of social media. This does not apply to sessions held in private. A purpose built Council Chamber is in the course of construction and will be in fully operational in June 2016.

**Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council's overall governance arrangements**

56. The Welwyn Hatfield Alliance Executive Board meets on a quarterly basis to consider progress with major projects being delivered via the Alliance partners and to oversee the progress of the Task and Finish Groups, which are set up to deliver specific actions which meet the aims and objectives of the Community Strategy. Each year an Annual Conference is held with all Alliance partners around a key community theme. This is an opportunity to consult with partners on key issues and to agree joint priorities and objectives.

**REVIEW OF EFFECTIVENESS**

57. The Council has the responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
58. This review is informed by those Members and Officers, who have the responsibility for the development and maintenance of the governance environment:-
- the work of Members at Council, Cabinet, Overview & Scrutiny Committees, the Audit Committee and the Standards Committee
  - the work of the Governance Group
  - the annual Management Assurance Statements prepared by the Directors and Heads of Service relating to internal controls, performance and risk management within their areas of activity
  - the Head of internal audit Annual Report
  - reports made by the Council's External Auditors and other review agencies and inspectorates.

59. The Council

The Council comprises all 48 Members and, as a whole, takes decisions on budget and policy framework items as defined by the Constitution.

At the Annual Meeting (held in May 2015), the Council elected a Mayor and agreed Committee membership and representation from the Council on local organisations (known as Outside Bodies) for the forthcoming year. The Leader of the Council was also appointed at the Annual meeting following “all out” elections in May 2016. Other Members of the Cabinet are appointed by the Leader.

Each Council meeting has been open to the public, who can submit a question or petition to these meetings.

The Council met eight times during the financial year – Agendas, Supporting Papers and Minutes are available on both the Council’s Website and eTeam pages.

60. The Cabinet

The Cabinet has comprised seven Members from the majority political group throughout the financial year, is chaired by the Leader of the Council and provides leadership at a top level.

Each Executive Member of the Cabinet (except the Leader) has looked after an individual area of responsibility known as a portfolio of services; they have worked closely with the Directors and Heads of Service and developed an in-depth knowledge of their portfolio area.

A Cabinet Decision List has been published monthly. All Cabinet decisions have been taken in public apart from exceptions (such as personnel matters, commercially sensitive information or confidential legal advice). The public have been welcome to attend meetings of the Cabinet.

Officers are not able to put key decisions into practice until the ten day ‘call-in’ period has elapsed – except for those decisions taken under emergency procedures.

The Cabinet met fourteen times during the financial year – Agendas, Supporting Papers and Minutes are available on both the Council’s Website and eTeam pages.

61. The Overview and Scrutiny Committees

There are three Overview and Scrutiny Committees, whose remit is to scrutinise executive decision-making, whether through the call-in of

decisions before they are implemented or through the post-implementation scrutiny of decisions.

The aim of this system of scrutiny is to challenge executive decision-making in order to improve the quality of decision-making and to check the effectiveness of the systems of internal control. These Committees also add to the effectiveness of decision-making by carrying out policy reviews within their specific remits and engaging with other organisations and the public as appropriate.

The Environment Overview and Scrutiny Committee met four times during the financial year and dealt with a wide variety of matters in accordance with the Committee's Work Programme. The Committee's Annual Report to Council (May 2016) highlights the issues that it has considered such as:

Acceptable Hours For Construction Site Noise, Finesse Cemetery Performance Monitoring, Food Safety & Hygiene Plans, Gambling Act Policy Review, Food Safety Service Plan, Health & Safety Service Plan, Mardley Heath Management Plan, Northaw Great Wood Management Plan, Playground Strategy, Resilience Assurance, Staff Travel Plan, Sherrardswoodpark Wood Management Plan, Tree Pests & Diseases, Street Wardens Performance, Taxi Enforcement Operations, SERCO Quarterly & Annual Performance Reports, CP Plus Half Yearly & Annual Reports.

The Resources Overview and Scrutiny Committee met five times during the financial year and dealt with a wide variety of matters in accordance with the Committee's Work Programme. The Committee's Annual Report to Council (May 2016) highlights the issues that it has considered such as:

Complaints Monitoring, Employee Turnover, Enforcement Agents, Health & Safety Performance Report, 2015/16 Budget Reports, Revenue & Capital Budget Reports 2015/16,

The Social Overview and Scrutiny Committee met four times during the financial year and dealt with a wide variety of matters in accordance with the Committee's Work Programme.

The Committee's Annual Report to Council (May 2016) highlights the issues that it has considered such as:

Campus West Annual Report, Community Safety Partnership Annual Report, Dementia Work Update, Equalities & Diversity Update, Health Walks Scheme, Health Group Update, Housing Allocation Policy, Local Health Update, Museum Service Annual

Report, Performance Indicators, Private Sector Housing Stock, Public Health District Offer, Public Health & Wellbeing Strategy, QEII Hospital, Safeguarding Annual Report, Town Centres Review, Youth & Sports Partnership Annual Report, Youth & Sports Partnership Update

In addition, Scrutiny Sub-Committees have carried out work on the following:-

Council Tax Debt Recovery, SERCO Contract and Sport & Physical Activity Provision In The Borough's Schools.

62. The Audit Committee

The Audit Committee's Terms of Reference have been kept under regular review to ensure that they comply with those prescribed by the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities".

The Committee has comprised five non-Executive Members (as required) and has met four times during the financial year – Agendas, Supporting Papers and Minutes are available on both the Council's Website and eTeam pages.

It substantially completed its Planned Work Programme, regularly receiving reports from:-

- The Council's External Auditors – Audit Results Report 2014/15, Annual Audit Letter 2014/15
- The Shared Internal Audit Service Internal Audit team – Quarterly Progress Reports, Annual Report 2014/15, and Annual Plan 2016/17
- The Head of Governance – Risk Management Progress reports, Draft Annual Governance Statement 2014/15
- The Head of Resources – Statement of Accounts 2014/15, Accounting policies update 2015/16 Statement of Accounts

63. The Standards Committee

The Standards Committee's Terms of Reference have been kept under regular review – the role and function of the Committee is, amongst other things, to promote and maintain high standards of conduct by Members and co-opted Members.

The Committee has comprised five Borough Council Members and one Non-Voting representative of the Welwyn Hatfield Association of Local Councils. It is chaired by a Borough Council Member. The Committee has been reconstituted in accordance with the Localism Act 2011. Three independent persons have also been appointed, who are not

members of the Committee but will be consulted on complaints that have been referred to the Hearing Sub-Committee

The Committee has met two times during the financial year – Agendas, Supporting Papers and Minutes are available on both the Council's Website and eTeam pages.

The Committee considered the Draft Annual Governance Statement 2014/15 and a revised whistleblowing policy along with a short guide to the new policy.

#### 64. Senior Management

The Executive Board comprises the Chief Executive and three Directors – Finance & Operations, Governance and Strategy & Development.

Two of the three Directors have completed and signed off a Management Assurance Statement for the financial year 2014/15. The third has not been completed as this post has been vacant. Reporting lines have been temporarily reviewed so that the seven Heads of Service are split between the two directors. These Management Assurance Statements have been designed to require each Officer to certify the effective operation of the control environment in their service area – including arrangements for performance management and risk management.

The Director (Finance & Operations), in her capacity of Section 151 Officer has also confirmed that the authority's financial arrangements conform to the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

As a consequence, these Statements are key supporting documents in identifying any Significant Governance Issues.

Heads of Service Team (HOST) consists of seven officers covering Governance, Public Health & Protection, Policy & Culture, Planning, Resources, Housing & Community Services and Environment. The Heads of Service, who report to the Directors, have met on a fortnightly basis. Heads of Service have also completed management assurance statements for their service areas.

#### 65. Governance Group

The Governance Group has been chaired by the Chief Executive, in his capacity as the Council's Head of Corporate Governance or, in his absence, by the Director (Governance).

The Group, which is accountable to the Executive Board and Cabinet, met five times during the financial year, regularly receiving reports from

each of its members covering Business Continuity, Emergency Planning & Risk Management, Ethics & Standards, Internal Control and Partnerships & Performance Management.

The Group has co-ordinated the preparation of this Annual Governance Statement as part of this process.

Agendas, supporting documentation and Minutes are held on the Governance Group pages of eTeam.

#### 66. Internal Audit

Internal audit services have been provided by the Shared Internal Audit Service (SIAS). This arrangement was initially for three years but has been extended for a further two years. SIAS is a partnership of seven district and borough councils and Hertfordshire County Council. Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment – this comprises the systems of governance, internal control and risk management – by evaluating its effectiveness in achieving the organisation’s objectives.

SIAS has undertaken a Work Programme during the financial year, which was approved by the Audit Committee, and has sought to operate in accordance with the professional standards prescribed in the CIPFA Code of Practice.

In line with this Code, an Annual Report has been compiled and presented to the Audit Committee (at its meeting in July 2016), which:-

- includes an opinion on the overall adequacy and effectiveness of the Council’s internal control environment
- discloses any qualifications to that opinion, together with any reasons for the qualification
- draws attention to any issues which are judged particularly relevant to the preparation of the Annual Governance Statement.

This Annual Report is a key source document to the Council’s Annual Governance Statement.

Individual SIAS reports state whether or not there are any implications for the Annual Governance Statement. All reports issued have stated that there are no implications for the Annual Governance Statement.

All recommendations made by SIAS to strengthen the internal control environment and agreed by management are kept under review by the Audit Committee to ensure that they are implemented in a timely manner.

The Council's External Auditor regularly reviews the work of SIAS and, to date has placed reliance on their work.

SIAS have also recently completed a review of the Council's Corporate Governance arrangements predominantly aimed at ensuring that the Council has complied with the Transparency Code. The review identified some minor weaknesses but provided substantial assurance to the Council that the Code was being complied with.

67. Members' and Officers' Allowances & Expenses

Members' Allowances: These are reviewed annually by an Independent Remuneration Panel, whose report and recommendations are submitted to the Full Council for approval.

Officers' Allowances & Expenses: Allowances are stipulated by individual employment contracts, whereby the Human Resources Team instructs the Payroll Team as to the payment to be made.

Officers' Expenses are authorised for payment by employees' line managers and reimbursed via payroll.

Both Members' and Officers' Allowances & Expenses are subject to periodic review by SIAS to ensure that the internal controls in operation are both adequate and effective.

68. Performance Management

The Council's Policy and Communications Team oversees the corporate approach to target setting and performance management across the organisation.

Since the ending of the Comprehensive Area Assessment in 2010, the Council has continued to develop its performance and risk management framework based around local need to bring more consistency and rigour to the delivery of its services.

The Council's Annual Report is produced every autumn and uploaded to the Council's website. A summary is also published in the community newsletter which is delivered to every household in the borough. This helps residents to understand what has been achieved and what is planned for the future.

Every Service produces its own Service Plan on an annual basis using an agreed template to help it set and review targets for its service.

Many targets agreed with individual employees as part of their Appraisal are reflected in these Service Plans.

69. Procurement

The Council aims to use its resources efficiently, effectively and economically in the procurement of goods, and services. This is underpinned by Contract Procedure Rules that are regularly updated by the Procurement Manager.

New EU procurement Legislation continues to be brought into UK law that provides more rights to aggrieved suppliers to challenge the award of contract. Training has been provided to officers on the introduction of this legislation and how procurement projects can be operated to mitigate the risk of legal challenge

Electronic tendering is being fully rolled out which will provide a full management/audit trail of all operations and communications throughout the procurement process.

The Procurement Section has continued to deliver savings for the Council through a number of procurement projects and continues to be lead authority for the selling of recyclates across Hertfordshire that has delivered substantive additional income.

70. Risk Management

The Risk and Resilience function supports the Council in meeting its obligations under the Civil Contingencies Act 2004, including emergency planning and business continuity management. It also provides advice and support under the Health & Safety at Work Act 1974 and associated regulations, along with general corporate risk management support.

A recent review by SIAS concluded that the Council had a sound risk management strategy in place with a particular strength of the RM process being the oversight and challenge role undertaken through the performance clinic process.

71. Treasury Management

The Treasury Management & Annual Investment Strategy is updated annually and, for 2015/16, was approved by the Cabinet and Full Council in January and February 2015 respectively.

The strategy continues to place the emphasis on security rather than yield. Risks are spread by limiting the size and duration of investments.

Treasury Management is subject to an annual review by SIAS and the most recent report provided full assurance (the highest assurance

level) that there are effective controls in operation for those elements covered by the review and provided good levels of assurance to support the Council's Annual Governance Statement.

72. The External Auditor's Annual Audit Letter 2014/15

This document which was presented to the Audit Committee at its meeting in August 2015, summarises the External Auditor's findings from the 2014/15 audit, which comprises two main elements:-

- the audit of the Council's financial statements
- an assessment of the Council's arrangements to achieve value for money in its use of resources

The External Auditor's key messages were:-

Audit opinion and financial statements

"In our view, the quality of the process for producing the accounts, including the supporting working papers was generally good. I have therefore issued an unqualified opinion on the Authority's 2014/15 financial statements included in the Authority's Statement of Accounts"

Value for money

"We consider whether the Council had proper arrangements in place for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness

We issued an unqualified value for money conclusion on 12<sup>th</sup> August 2015."

**SIGNIFICANT GOVERNANCE ISSUES**

73. The Governance Group have agreed that, following the review of the effectiveness of the Council's governance framework including the system of internal control, that there was one significant governance issue to be raised in this Annual Governance Statement.
74. A group of Property Search companies were seeking to claim refunds of fees paid to the Council to access land charges data. Negotiations have taken place to settle these claims. The Council has now settled all existing claims but the outstanding interest and costs of those claims have NOT yet been settled. A range of likely values of what the outstanding interests and costs has been formulated, but it is too early

to confirm any actual sums. The Council has also received a contribution from central government in this year, towards this new burden. It still remains possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

A shared management project with Broxbourne started in 2015 and is continuing.

The Council and the Welwyn Hatfield Community Housing Trust have made the decision to share senior management arrangements including, inter alia, sharing a Chief Executive, Directors and Heads of Service. The Council and Trust are currently working through the processes needed to implement the changes necessary.

**CERTIFICATION**

- 75. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet, the Audit Committee, the Standards Committee and the Governance Group and the plan to ensure continuous improvement of the system is in place.
- 76. We propose over the coming financial year to take steps to further enhance our governance arrangements. We will continue to monitor our governance arrangements until the time of the next annual review.

**Signed:** ..... **Michel Saminaden** ..... **Councillor John Dean**  
**Chief Executive** **Leader of the Council**

**Dated:**