

**ANNUAL GOVERNANCE REVIEW
2017/18
Management Assurance
Resources & Commercial Directorate**

Management Assurance relating to the core principles and sub-principles of good governance

Introduction

Every year an annual review of governance is undertaken to confirm that good governance was in place across the Council during the previous financial year. This is a requirement of the Accounts and Audit Regulations 2015 and follows the CIPFA framework for delivering good governance in local government which is considered 'proper practice' under the regulations.

A new framework was published by CIPFA in 2016 that Council's are required to demonstrate compliance with from April 2017 i.e. for the 2016/17 financial year. Our annual governance review process has been updated with the new requirements and whilst as before most elements can be picked up using an evidenced based self-assessment completed by a selection of managers across the Resources and Commercial Directorate (Finance, HR, Legal, Performance and Internal Audit, Risk & Fraud) there are some specific assurances that will need to be obtained from Corporate Directors regarding their individual directorates and thus a form of Management Assurance is being introduced. In addition more detailed assurance on shared service arrangements will be required and a form of evidence based self-assessment will be introduced to cover this.

The CIPFA framework contains 7 core principles each with a set of sub-principles. Five areas across four of the core principles require management assurance and these are shown below under each relevant core and sub-principle. (Numbering relates back to the framework)

Each Corporate Director is being asked to provide management assurance by responding below to the assurance required, with evidence where possible. It is recommended that the best way to complete the assurance required is to complete it at your Directorate DMT meeting with your Directors/Divisional Directors, between you it should be quick and easy to provide the necessary assurance. To further help I will attach last years completed assurance to the covering e-mail, however please make sure that your responses relate specifically to what actually happened in 2017/18.

If you have any queries or difficulties completing the table below please contact me of ext. 2420.

Kind Regards
Susan

Susan Dixson
Head of Internal Audit

Management Assurance relating to the core principles and sub-principles of good governance

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

	Sub-principles	Assurance Required	Response demonstrating compliance in 2017/18
	Behaving with integrity		
1.4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<ul style="list-style-type: none"> ▪ Provide confirmation that an up-to-date register of interest was maintained for staff during 2017/18 ▪ Confirm who maintains the register 	<p>The register of interests is maintained by the Corporate Director's PA.</p> <p>On reviewing the register in June 2017 the Corporate Director was not sure that it was fully up to date and so a reminder was sent to the management team for them update their interests and to remind their staff.</p>
		<ul style="list-style-type: none"> ▪ Provide confirmation that an up-to-date register of gifts and hospitality was maintained for staff during 2017/18 ▪ Confirm who maintains the register 	<p>The register of gifts and hospitality is maintained by the Corporate Director's PA.</p> <p>The Corporate Director is aware that it is regularly updated and it has a number of recent entries in it. However, a reminder was being sent to the management team June 2017 on the need to maintain the register.</p>
		<ul style="list-style-type: none"> ▪ Confirm whether any reminder of requirements to declare interests/gifts and hospitality was issued to staff during 2017/18 (how/when with evidence if available) 	<p>Reminder sent via the Chief Executive's Newsletter in July 2017.</p>

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Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

3. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

	Sub-principles	Assurance Required	Response demonstrating compliance in 2017/18
	Defining outcomes		
3.2	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	<ul style="list-style-type: none"> ▪ Provide confirmation that service plans were in place for each division within the directorate for 2017/18 linked to HAP ▪ Provide copies of plans as evidence 	<p>At the Corporate Director Level the following arrangements are in place:</p> <ul style="list-style-type: none"> • Resources & Commercial Directorate scorecard that covers key performance indicators. Its is reviewed quarterly. • A project list of key transformational projects reviewed quarterly. • A budget forecasting approach which is monitored monthly including monthly monitoring of budget savings to identify performance and corrective action • Quarterly monitoring of sickness absence, agency staffing and procurement activity • A risk register which is monitored quarterly. • Appraisals for Directors and Divisional Directors that identify key projects and objectives for 2017/18 and how these align to corporate priorities. <p>No single document called a 'Resources & Commercial Service Plan' is in place however: .</p> <p>There is 2016/17 Service Plan for the Strategic Commissioning Division which is monitored quarterly.</p> <p>There is 2018/19 Service Plan for the Customer Services and Business Transformation Division which is monitored quarterly. This is maintained on the Customer Service & Business Transformation SharePoint site.</p> <p>Internal Audit & Corporate Anti-Fraud produces an annual plan linked to HAP that is monitored on an ongoing basis and reported to GARMS Committee biannually.</p>

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4. Determining the interventions necessary to optimise the achievement of the intended outcomes *(Not covered in the 2007 Framework)*

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

	Sub-principles	Assurance Required	Response demonstrating compliance in 2017/18
	Planning interventions		
4.7	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	<ul style="list-style-type: none"> ▪ Confirm that KPIs have been established and approved for each service element and included in the 2017/18 service plans (e.g. Directorate/Divisional/Service Score Cards – not the Corporate Score Card) 	<ul style="list-style-type: none"> • Resources & Commercial scorecard is in place and is reviewed quarterly. • Customer Service Management information is reviewed monthly with Corporate Directors and Portfolio Holder. • Revenues and Benefits management information reviewed with portfolio holder monthly. • Budget forecast and savings tracker is reviewed monthly at DMT = financial performance. • Complaints information reviewed quarterly. • IA&CAFT plan includes service KPIs reported to CSB & GARMS biannually.
		<ul style="list-style-type: none"> ▪ Confirm that KPIs are reported upon regularly and to whom (copy of report to be included as evidence) 	<ul style="list-style-type: none"> • As above.
	Optimising achievement of intended outcomes		
4.14	Ensuring the achievement of 'social value' through service planning	<ul style="list-style-type: none"> ▪ Confirm that service plans in the directorate demonstrate consideration of 'social value'¹ 	<ul style="list-style-type: none"> • Social Value policy in place • Social Value included as a key component of procurements – to deliver social value outcome through contract lets. • ICT contract and Communications contracts deliver Social Value outcomes.

¹ Social value is defined by the CIPFA framework as 'concerned with social, economic and environmental wellbeing. In England and Wales, the Public Services (Social Value) Act 2012 requires bodies to consider how the services they commission and procure might improve the economic, social and environmental wellbeing of the area. Social value in procurement is being picked up separately as part of the annual governance review.

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		<ul style="list-style-type: none">▪ Confirm that the achievement of 'social value' is monitored and reported upon and to whom	<ul style="list-style-type: none">• Regular quarterly meetings take place with Sopra Steria on progress with the delivery of their contractual requirements.• SV outcomes are captured by Economic Development team. SV outcomes for 2017/18 will be reported to September Cabinet meeting.
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Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

5. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

	Sub-principles	Assurance Required	Response demonstrating compliance in 2017/18
	Developing the entity's capacity		
5.2	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	<ul style="list-style-type: none"> ▪ Confirm that there was utilisation of research and benchmarking exercises during 2017/18 with specific details (formal and informal and including professional networks, peer engagement and reviews) 	<ul style="list-style-type: none"> • Society of London Treasurers regularly attended by S151. • Heads of HR network attended by HR Director. • Heads of Procurement network attended by Procurement Director. • LGA Advanced Commercialisation Group attended by Corporate Director. • Annual Audit of Accounts and VFM Assessment • Peer review of Internal Audit Function. • London Audit Group • Limited benchmarking carried out via London Revenues Group • London & South East Customer Services Group • Engagement with LGA re: financial sustainability

Corporate Director of Resources & Commercial : Dawn Calvert.....

Date: 31/05/18.....

Assurance statement and supporting evidence reviewed and fed into Annual Governance Review evidence table/AGS. No significant gaps identified.

Susan Dixon: Head of Internal Audit
27/06/18