

ANNUAL GOVERNANCE STATEMENT

For the year ended 31st March 2015

Scope of Responsibility

East Devon District Council is required to ensure that its business is conducted in accordance with the law and proper standards; that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. 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 again to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

East Devon's Council's Audit & Governance Committee has approved a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how East Devon District Council has complied with the code. The Council is required under the Accounts and Audit Regulations 2011 to have approved an annual governance statement (AGS) which accompanies its Statement of Accounts.

The Head of Internal Audit is required to provide a written annual report to those charged with governance to support the AGS, this report is presented to the Council's Audit and Governance Committee on 26 June 2015.

Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore only provides 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 East Devon District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically.

The Governance Framework

The governance framework described has been in place for the year ending 31 March 2015 and up to the date of the approval of the statement of accounts.

Some of the key features of the governance framework are set out in the following paragraphs:

- The Council has an adopted Constitution that sets out how it operates, how decisions are taken and the procedures to follow.
- The Council has a Council Plan for 2012 -16 it has 4 core strategies supporting the Plan; Homes and Communities, Economy, Environment and Finance.
- Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the annual appraisal process which is recorded and monitored through the Council's performance management systems. Delivery of the Council Plan is monitored by Overview and Scrutiny Committee. This Committee drives the scrutiny process on behalf of the public with a view to improving the delivery of public services.
- A Standards Committee is in place to promote and maintain high standards of conduct by members, to consider reports and make recommendations concerning the governance and ethical standards of the Council and advice on the adoption or revision of the Council's Code of Conduct for members, officers and any other related codes or protocols. The Committee meet quarterly if required.
- Audit & Governance Committee exists with wide-ranging terms of reference including the requirement to consider the effectiveness of the Authority's governance arrangements, taking into account risk management, the control environment and associated anti-fraud and anti-corruption arrangements. This committee also holds Cabinet to account with particular areas in 2014/15 being separately scrutinised at the request of the Audit & Governance Committee.
- The Council has designated Monitoring Officer, arrangements changed during the year with new management structure and appointment of new officer to the post, part of the year the Monitoring Officer role was held by Ian Clarke (Assistant Director – Legal & Corporate Services). This position ensures compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Chief Finance Officer the Monitoring Officer will report to the full Council if they consider that 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. The Council also conforms with the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- An internal audit service is provided through the South West Audit Partnership which operates to the standards set out in the Code of Practice for Internal Audit in Local Government in the UK. Internal audit are responsible for monitoring the effectiveness of systems of internal control. The Service operates to an audit plan approved by the Audit and Governance Committee. The Council's Internal Audit function is subject to regular inspection by the Councils external auditors (Grant Thornton UK LLP).
- The Council has a whistle-blowing and anti-fraud and corruption policy.

Appendix A contains a more detailed overview of the Council's Governance Framework

Review of Effectiveness

East Devon District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of:

- Internal Audit Annual Report and Opinion 2014/15
- Internal and external audit and inspection.
- A specific review of the effectiveness of internal control and compliance to the governance framework undertaken in May/June through the completion of assurance statements by the Strategic Management Team. These were then reviewed by the Director and Assistant Director for SWAP, the Strategic Lead for Finance (CFO/S151), the Monitoring Officer and the Chairman of the Audit & Governance Committee for compliance and any apparent organisational improvements are included in the Governance Action Plan.
- The mechanisms for maintaining and reviewing the effectiveness of the system of internal control throughout the year include.
 - Cabinet is responsible for considering overall financial and performance management and receives comprehensive budget monitoring reports on a monthly basis and council service performance reports.
 - Overview & Scrutiny Committee holds the Cabinet Committee to account.
 - The Standards Committee meets quarterly when required and at every meeting considers an update report on complaints against councillors which includes learning points and recommended actions. The Committee also keeps under review the Council's policies and procedures for maintaining high ethical standards.
 - The Audit & Governance Committee meet five times a year to provide independent assurance to the Council in relation to the effectiveness of the risk management and internal control environment.
 - The South West Audit Partnership provides an independent and objective assurance service to the Council and completes a programme of reviews each year to inform an opinion on the internal control, risk management and governance arrangements. The service undertakes fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred.

Improvements made in Governance arrangements during 2014/15 to note include;

- The Council approved a business case for a new post of Corporate Counter Fraud & Compliance Officer with allocated management support and resources. An appointment was made in February 2015.
- A business case was approved to work with Data Tank to review Single Person Discounts on Council Tax; to be jointly funded by major preceptors along a review of Council Tax Support Cases. Part of this work was undertaken in 2014/15 and will continue into 2015/16.
- Currently leading on a Devon wide counter fraud compliance initiative for data sharing.
- Part of Devon wide initiative for tackling tenancy fraud.
- All actions highlighted for improvement in the 2013/14 Governance Statement have been addressed.
- The Audit & Governance Committee were extremely active during the year and played a key part in adding to the Council's Governance arrangements.

Significant Governance and Control Issues Identified.

- Details were included in last year's Governance Statement on a councillor's resignation in the previous year following allegations made against the councillor concerning planning influence. This was reported at the time as still being under Police investigation; we have been informed that the Police are taking no action against the individual.
- The Audit and Governance Committee continued to keep an eye on the process to be put in place in order to regularly monitor a 5 year land supply for strategic planning purposes.
- In 2014/15 the Council was involved in two significant projects which had associated risks; office relocation and the proposal for an ICT shared service arrangement with Exeter City Council and Teignbridge District Council. In addition to this being monitored through a detailed risk register for each project, SWAP in 2014/15 independently reviewed both of these projects. Further days have been included in the 2015/16 SWAP audit plan.
- The Grant Thornton Audit Finding Report presented to the Audit and Governance Committee last September included three recommendations on the Council's asset valuation process, these have been addressed in the preparation of the 2014/15 Accounts. The recommendations were to ensure that all assets within the same class are valued within the same financial year, all assets are revalued at least every five years (6 assets were found to be outside this timescale) and asset life and depreciation should be formalised for vehicles, plant and equipment.

- Recent Tribunal / ICO decisions have highlighted the impact to the Council of increasing Freedom of Information requests and the ability to deal with these requests in a timely manner. A report is being prepared for Cabinet's consideration which seeks to identify how to address the issue from a number of different perspectives, including resourcing.
- Council Members and Officers have been continually updated and advised on the implications of reviews of the effectiveness of the Council's systems of internal control. Plans have been devised and put in place to ensure continuous improvement. The Council's annual review of the governance framework, including the system of internal controls and associated reviews during the year, identified some areas where action is appropriate to enhance the governance and internal control environment and ensure continuous improvement.

SWAP audit recommendations during the year include three areas worth including in this Statement because of their nature:

- A review and update of the Council's Business Continuity Plan.
- Formal review of the Emergency Planning Service and ensure an up to date service level agreement is in place which reflects the Council's priorities.
- The need to adopt a social housing anti-fraud policy and that action is taken to ensure the editing of notes on the housing choice based letting system (Home Connections) is no longer possible.

Signed & Dated

Mark Williams

Chief Executive

25/9/2015

Signed & Dated

Paul Diviani

Leader of the Council

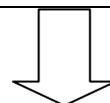
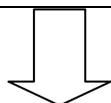
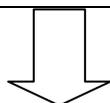
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Appendix A

Below is an overview of the Council's Governance Framework

As stated the Council has an adopted Code of Corporate Governance which is inline with CIPFA/SOLACE documentation on delivering good governance in local Government. This defines the corporate governance framework and sets out six core principles of good governance as shown below.

Corporate Governance Framework		
Corporate Governance comprises the systems and processes, cultures and values, by which the council is directed and controlled, and through which we account to, engage with and where appropriate, lead the community.		
1. Focus on purpose of the Council, vision for local area and outcomes for the community.	2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.	3. Promoting values and upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions scrutinised and risk managed.	5. Developing capacity of Members and Officers to be effective.	6. Engaging with local people to ensure public accountability.



(A) Key Documents: Regular/Annual Review or Production	(B) Key Documents: Ad hoc Review or Production	(C) Contributory Processes/Regulatory Monitoring	
<ul style="list-style-type: none"> • Medium Term Financial Plan • Annual Revenue & Capital Estimates • Service Plans • Statement of Accounts • Internal/External Audit Protocol • Council Tax Booklet • Performance Monitoring Reports (Measure Reports & performance indicators) • Financial Monitoring Reports • East Devon Connect • External Audit Report to those charged with Governance • External Audit Review report • Annual opinion from SWAP Group Audit Manager to support Annual Governance Statement • Management Assurance Statements • Governance Statement 	<ul style="list-style-type: none"> • Council Plan • Constitution including Financial and Contract Standing Orders • Scheme of Delegation • Code of Corporate Governance • Anti-Fraud, Theft and Corruption Policy • Complaints Procedure • Communication Plan • Community Engagement Policy • Customer Service Plan • Procurement Strategy • Freedom of Information • Health Safety, Welfare and Employment Policies • Data and Information Quality Policy • Information Security Policy • ICT Strategy • Protocol – Member Officer Relations • Members Code of Conduct • Employees Code of Conduct • Partnership Policy and Guidance • Risk Management Policy and Guidance • Published Agendas, Reports and Minutes of Committees • Whistleblowing Policy 	<ul style="list-style-type: none"> • Audit & Governance Committee • Standards Committee • Overview & Scrutiny Committee • Housing Review Board • Independent Remuneration Panel for Members Allowances • Strategic Management Team • Monitoring Officer appointed • S151 Officer Appointed • Head of Paid Service appointed • Customer Complaints/Feedback Process • Procurement & Efficiency Group • Resident's Panel consultation • Asset Management Forum 	<ul style="list-style-type: none"> • Job Descriptions and Person Specifications • Job Evaluation Process • Employee Induction • Employee Surveys • Learning and Development Programme – Employees/Members • Performance Excellence Review • Criminal Conviction Checks • Health & Safety Officer • Fraud Forum • External Audit • Internal Audit • Gift and Hospitality Registers for Employees • Members Register of Interest • Annual Review of Internal Audit, Risk Management & Governance Arrangements