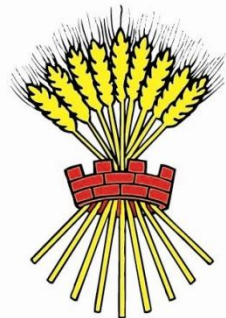


RYEDALE  
DISTRICT  
COUNCIL



# Annual Governance Statement

2016/17

## Scope of Responsibility

Ryedale District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it 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 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, facilitating the effective exercise of its functions, including arrangements for the management of risk.

RYEDALE  
DISTRICT  
COUNCIL



This statement explains how Ryedale has complied with the code and also how we meet the requirements of the Accounts and Audit (England) Regulations 2016, which requires all relevant bodies to prepare an Annual Governance Statement.

The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:

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

B. Ensuring openness and comprehensive stakeholder engagement

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

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

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

F. Managing risks and performance through robust internal control and strong public financial management

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on going process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework has been in place at Ryedale District Council for the year ended 31 March 2017 and up to the date of approval of the annual statement of accounts.

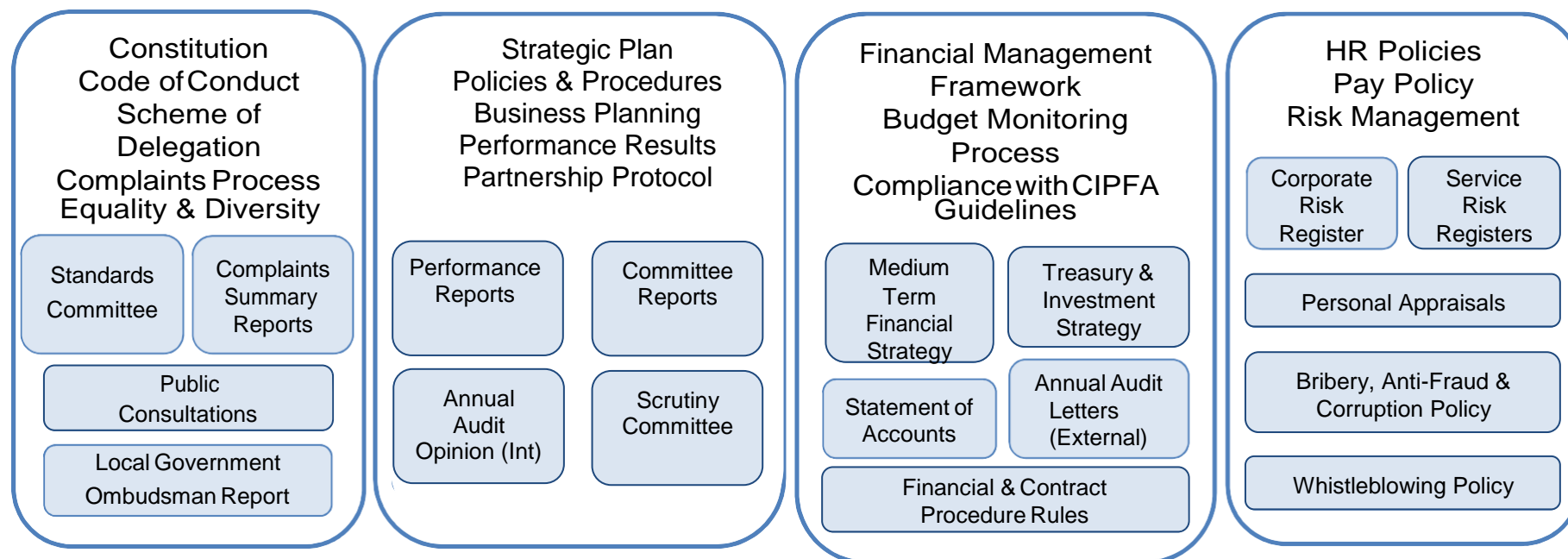
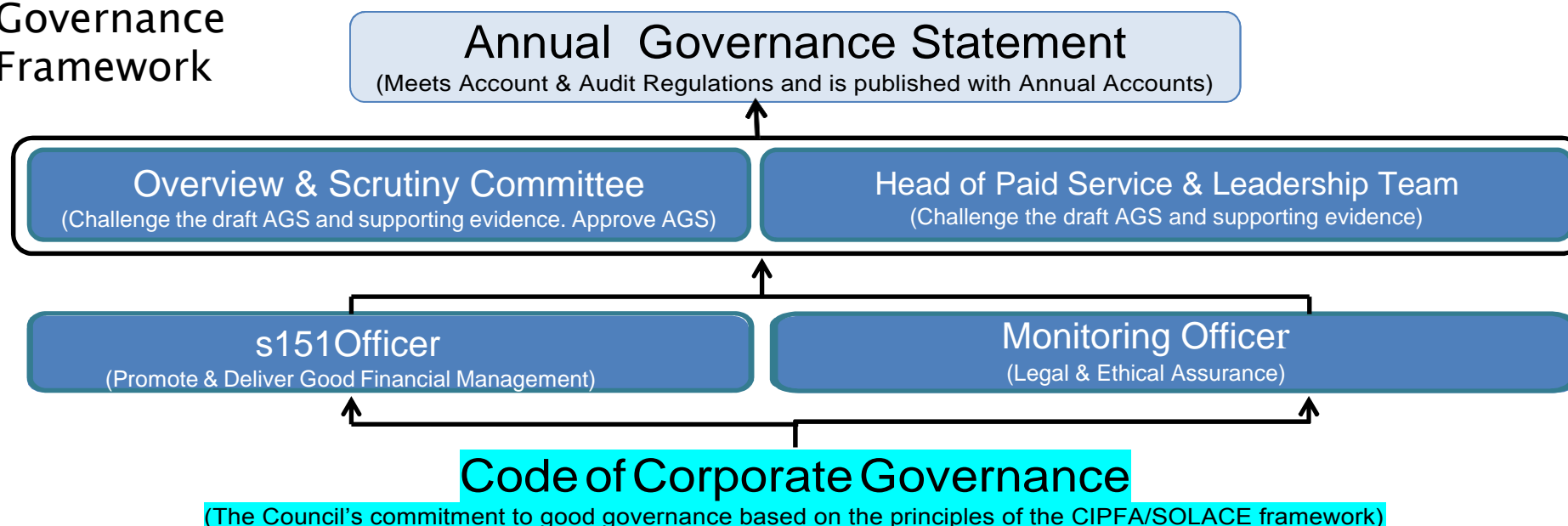
The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Corporate Plan. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Leadership Team which comprises the Head of Paid Service, Lead Officers and the Council Solicitor.

The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives.

## The Governance Framework

# Governance Framework



## Review of Effectiveness

The 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 the Leadership Team who have responsibility for the development and maintenance of the governance environment;
- the Annual Internal Audit Assurance opinion, as provided by Veritau North Yorkshire;
- comments made by the external auditors and other review agencies and inspectorates;
- and the Overview & Scrutiny Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2016/17.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2016/17, Ryedale's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the CFO in Local Government* (2010).

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2016/17 the Monitoring Officer continued his review of the efficiency and effectiveness of all arrangements relating to Council and Committee meetings, working groups, and the required officer support.

The Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.

Other key officers have also been consulted for their views on the standards of governance within the Council – specifically the

Statutory Finance Officer,  
Monitoring Officer, and  
Head of Internal Audit -  
Veritau

The Performance Management Framework has operated effectively during the year. Monitoring information on key areas of performance has been provided to the Leadership Team for review and action. Performance management outputs have also been reviewed by the Overview & Scrutiny and Policy & Resources Committee.

In 2016/17 the Council responded to 17 stage 1 and 12 stage 2 formal customer complaints, with an average response time of 3.91 days (the service standard is 5 days).

## Review of Effectiveness

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis. Lead Members have also kept issues under review during meetings with managers. During 2016/17 the Members of O&S have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results. There have been contributions, and input, from a range of stakeholders, including public and voluntary sector organisations, the public, officers and Members of the Council. Highlights have included:

### Scrutiny

Treasury Management  
Statement of Accounts  
Complaints  
Council Plan and Performance

### Task Groups On

Fuel Poverty  
Flood Management  
Review of Assets  
Management and timing of  
Committee meetings

### Other Work

Attendance at Policy Committees  
Review of membership of  
outside bodies

Monitoring Reports from Key Partnerships and other External Bodies including:

Safer Ryedale  
Everyone Active  
Ombudsman

### Updates on Key Projects

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Work during 2016/17 on the Towards 2020 transformation programme delivered financial savings of circa £900 towards the 2017/18 budget. Transformation work in 2017/18 is focusing on Streetscene services and Assets. In addition officers have acted on feedback from Internal and External audit; and fed back customer complaints to the appropriate Operational Managers to improve service delivery.

The Council has in place regular reporting arrangements on the financial affairs of the Council. The budget for 2016/17 was agreed by Full Council in February 2016 and financial performance was reported on a regular basis to Members.

## Review of Effectiveness

In June 2014 Veritau underwent an external examination against the Public Sector Internal Audit Standards (PSIAS) and received the top rating.

All key systems were audited in 2016/17 and a total of 19 audit reports were provided to management and the O&S Committee. This included an audit of the Council's Risk Management arrangements the findings of which were addressed and reported to the O&S Committee.

Ryedale had a Corporate Peer Challenge during 2016/17, officers have produced a draft action plan to address the findings and a Member working group has been established to review the findings and the action plan and make recommendations to Council.

Based on the assurance work undertaken by Internal Audit, the Head of Internal Audit (Veritau) has provided an opinion on the adequacy of the control environment which concluded that this gave Reasonable Assurance. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute. Areas in which controls were below the required standard are reported initially to the relevant Manager who ensures prompt corrective action is taken, and ultimately to the Overview & Scrutiny Committee who monitor progress with improvements via follow up reports from Internal Audit.

In September 2016 the Council's external auditor (KPMG) provided the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter. KPMG also provided an unqualified opinion of the Council's arrangements to secure Value For Money.

In the 2015/16 Annual Governance Statement, five key issues were identified. One of the issues has been completed, 2 are ongoing and will rollover into 2016/17 and 2 still have some of the agreed actions outstanding, these will be addressed in 2017/18.

## Significant Governance Issues

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, 5 issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2017/18 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to monitoring by the Overview and Scrutiny Committee.

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward	Risk of compromise and weaknesses in operational systems as a consequence of continuing reductions in staffing as Government funding cuts made.	Where changes in staffing occur, that changes in operating arrangements are reviewed prior to reducing the controls.  Internal audit will be included in working groups reviewing operating systems and arrangements, including commissioning, partnership arrangements etc.	Resources & Enabling Services Lead Officer (s151).	Ongoing	The T2020 transition process to the new operating model will include an assessment of whether controls within operational systems are working adequately.  Internal Audit have been and will continue to be involved in the T2020 process.
2015/16 and 2016/17	The audit opinion of the control environment for the management of risk is weak.	That the Corporate approach to risk is applied consistently across the council for management of corporate, service, project and partnership risk.	Deputy Chief Executive	September 2017	Good progress made following the implementation of the browser version of Covalent. Training undertaken for all managers.  11th November  Reviewed the corporate risk register.  Risks have been scored and mitigating actions added.  Management to review the corporate risk reporting and review risks on a monthly basis  Service risk registers will be developed as part of the transition to the new operating model
2015/16 and 2016/17	The audit opinion of the Internal control environment for the Payroll process remains weak. In the financial years 2015-16 and 2016-17	In addition to the agreed audit actions, improved joint working is planned between staff involved in Payroll and Finance to improve a number of procedures for the payroll process This will include regular	Resources & Enabling Services Lead Officer and HR Manager.	September 2017	Reconciliation processes have been improved and are carried out on a regular basis.  The roll out of employee self service has

	there has been effort made to improve the control environment and whilst progress has been made it is not enough to improve the overall opinion.	meetings of key staff responsible for the implementation of recommendations with the s151 Officer to ensure progress made continues in the new financial year.			<p>commenced and use will increase from August 2017 with a view to rollout fully by October 2017. Finalisation of the Service Level Agreement will follow shortly after roll out.</p> <p>Payroll and Finance functions have been integrated into one section under the new operating model from April 2017.</p>
Brought Forward	On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile. These changes arise from continued downward pressure on government funding of Councils as confirmed in the indicative long term financial settlement	<p>The agreed Medium Term Financial Strategy of the Council reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This informs the budget process for future years.</p> <p>The s151 Officer considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves at the year-end.</p>	Resources and Enabling Services Lead Officer	Ongoing	<p>The Medium Term Financial Strategy approved by Members in February 2017 has been revised to reflect anticipated changes to the retained business rates scheme and the financial consequences of the location of the Waste Transfer Station.</p> <p>The 2015/16 Statement of Accounts, including a statement on the adequacy of reserves made by the s151 officer, were approved by the P&amp;R Committee in September 2016</p>
2016/17	The Corporate Peer Challenge findings recommended a review of Governance arrangements	<p>The areas highlighted were:</p> <ul style="list-style-type: none"> <li>-Political Leadership succession planning</li> <li>-Member development</li> <li>-Involvement of Members in priority setting</li> </ul>	Members	Ongoing	A Member working group has been established to address the findings

**Approval of the  
Annual  
Governance  
Statement**

Through the action referred to on the previous page, we propose over the coming year to address the issues that have been identified, with a view to further enhancing our governance arrangements. These steps will identify improvements that are needed and we will monitor their implementation and operation as part of our next annual review.

Signed: .....

Date: 21 September 2017

Councillor Luke Ives  
Chairman of Policy and Resources Committee

Signed: .....

Date: 21 September 2017

Head of Paid Service