

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



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 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 ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

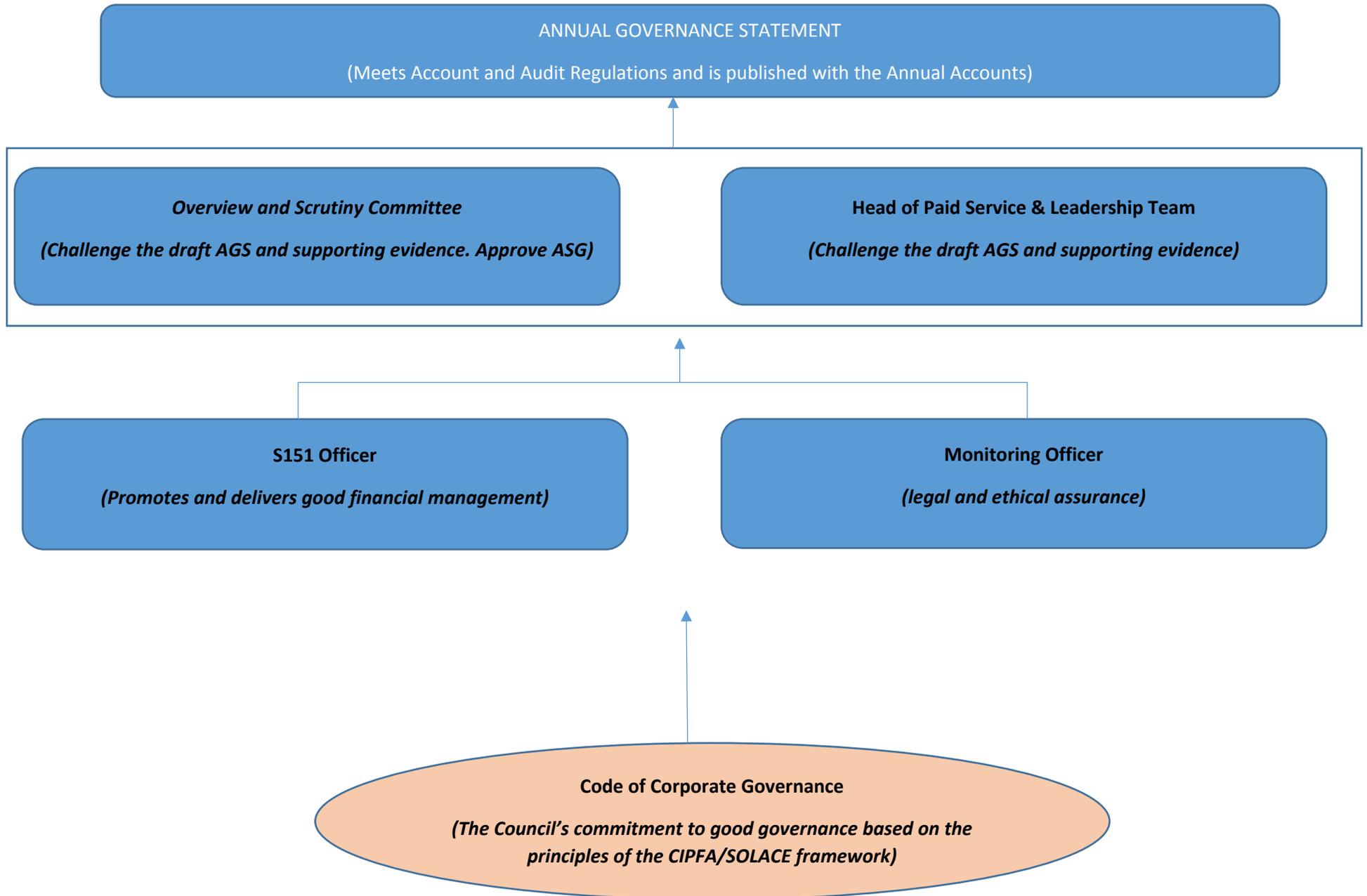
The governance framework has been in place at Ryedale District Council for the year ended 31 March 2018 and up to the date of approval of the annual statement of accounts

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.



Code of Corporate Governance

Constitution
Code of Conduct
Scheme of Delegation
Complaints Process
Equality and Diversity

- Standards Committee
- Complaints Summary Reports
- Public Consultations
- Local Government Ombudsman Report

Strategic Plan
Policies and Procedures
Business Planning
Performance Results
Partnership Protocol

- Performance Reports
- Committee Reports
- Annual Audit Opinion (Internal)
- Scrutiny Committee

Financial Management Framework
Budget Monitoring Process
Compliance with CIPFA Guidelines

- Medium Term Financial Strategy
- Treasury & Investment Strategy
- Statement of Accounts
- Annual Audit Letters (External)
- Finance & Contract Procedure Rules

HR Policies
Pay Policy
Risk Management

- Corporate Risk Register
- Service Risk Registers
- Personal Appraisals
- Bribery, Anti-Fraud & Corruption Policy
- Whistleblowing Policy

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;
- 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 2017/18.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2017/18, 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 2017/18 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.

In 2017-18 the Council responded to 44 stage 1 and 12 stage 2 formal customer complaints, with an average response time of 4.60 days (the service standard is 5 days).

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

- S151 Finance Officer
- Monitoring Officer
- 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.

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 2017/18 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

- Performance Indicators
- Affordable Housing Targets
- Staff Survey
- Swimming Lessons

Other Work

- Attendance at Policy Committees
- Review of Membership of Outside Bodies

Monitoring Reports from Key Partnerships and External Bodies including:

Safer Ryedale

Everyone Active

Ombudsman

During 2017-18, Overview and Scrutiny has been reviewing the performance reporting of the Council's key indicators and a new and improved report has been developed. Affordable Housing has been a specific target of interest

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Work during 2017-18 on the **Towards 2020** transformation programme delivered financial savings of circa £436k towards the 2018-19 budget. Transformation work in 2017-18 focussed on Streetscene services, Assets and Rycare and delivered c. £200k towards the 2018-19 budget savings target. In addition officers have acted on feedback from Internal and External audit; and fed back customer complaints to the relevant Operational Managers to improve service delivery

The Council has in place regular reporting arrangements on the financial affairs of the Council. The budget for 2017/18 was agreed by Full Council in February 2017 and financial performance was reported on a regular basis to Members.

Review of Effectiveness

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.

All key systems were audited in 2017-18 and a total of 15 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 Review of Effectiveness

In September 2017 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.

Ryedale has undergone a Corporate Peer Challenge during 2016/17 and 2017/18, officers produced an action plan to address the findings. A Member working group was established in 2017-18 to address the findings.

In the 2016-17 Annual Governance Statement, six key issues were identified. Four of these issues are ongoing and will rollover into and/or be amended in the new version.

Key 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, 6 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 2018-19 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 |
|------------------------------------|---|---|------------------------------|--|--|
| Brought Forward and amended | 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</p> | Chief Finance Officer (s151) | Ongoing, but with review of financial monitoring by October 2018. Quarterly reporting thereafter | The updated Medium Term Financial Strategy was approved by Members in February 2018. |

| Status | Control Issue | Action Proposed | Responsibility | Target Date | Current Position |
|------------------------|--|---|----------------|-------------|--|
| | Ensure that officers and members receive adequate and robust financial information on which to base budget decisions | provisions and reserves at the year-end. Review budget monitoring processes and information flows and reporting arrangements | | | |
| Brought forward | The Corporate Peer Challenge findings recommended a review of Governance arrangements | The areas highlighted were: Political Leadership Succession planning, Member development, involvement of members in priority setting | Members | Ongoing | The Corporate Peer Challenge findings recommended a review of Governance arrangements (NEED TO UPDATE) |
| Brought forward | The results of the recent Staff Survey indicated the bullying of employees within Ryedale District Council. | Overview & Scrutiny Committee is conducting a full investigation into the indication of bullying of employees. Officers will comply with all requests for information that the Committee makes in relation to the investigation. A budget of £10,000 (funded from general reserves) was | Members | Ongoing | NEED TO UPDATE |

| Status | Control Issue | Action Proposed | Responsibility | Target Date | Current Position |
|----------------|---|--|--------------------------------|---------------------|-----------------------------------|
| | | agreed to facilitate this. | | | |
| 2018-19 | Ensure that arrangements regarding shared services, such as HR, payroll and financial support | Monitoring of performance by Leadership Team | Leadership Team | Quarterly reporting | Currently finalising arrangements |
| Amended | The audit opinion of the control environment for the management of risk is “provides limited assurance”. This has been updated from “weak” in the previous year, but a number of issues remain which will ensure this remains a priority. | An action plan has been agreed including sharing risk register with OSC, regularly reviewing risks, looking at online training | S151 officer and service leads | October 2018 | Action plan now agreed |