

## **Annual Governance Statement (2018/19)**

This gives the results of our yearly assessment of how well we are managing and controlling risks, achieving our aims and meeting the responsibilities we have by law.

We are responsible for making sure that we:

- carry out our business in line with the law and proper standards;
- protect public money and account for it properly; and
- use public money economically, efficiently and effectively.

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015, require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control, and to include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority in England the statement is an Annual Governance Statement.

In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement (AGS) must be “prepared in accordance with proper practices in relation to accounts”. Therefore for a local authority in England this requires the statement to be in accordance with Delivering Good Governance in Local Government: Framework (2016) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting for 2016/2017. In preparing and publishing this Statement, we therefore meet these statutory requirements.

The framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

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 can therefore only provide reasonable and not absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Mid Devon District Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. It ensures they are managed efficiently, effectively and economically.

The review of internal controls provides assurance that the Statement of Accounts gives a true and fair view of the Authority’s financial position at the reporting date and its financial performance during the year.

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The assurance opinions derived from the work of Internal Audit are among the significant items that inform the AGS. The Head of Internal Audit's Opinion statement for 2018/19 stated:

Overall, based on work performed during 2018/19 and our experience from previous years' audit, the Head of Internal Audit's Opinion is of "Substantial Assurance" on the adequacy and effectiveness of the Authority's internal control framework. The exception to this is in relation to the Council's governance arrangements over its investment exposure associated to its property development operation where our opinion is of 'improvements required'.

The governance framework has been in place for the whole of the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts. MDDC continually seeks to improve its governance arrangements and evidence of continued "best practice" is found within the governance review below. Arrangements are reviewed on a continual basis and where weaknesses have been found they are addressed as is demonstrated below in the Action Plan.

The Policy Development Groups are asked to feedback areas of concern to Cabinet, the Scrutiny Committee can and does challenge Cabinet decisions and the Audit Committee can and does challenge management over areas of concern identified in audit reports throughout the year.

This is the first full year that the Council's wholly owned subsidiary 3 Rivers Developments Ltd has been in operation, the Council has prepared group accounts. The shareholders' agreement with 3 Rivers includes mechanisms to ensure the Company is accountable to the Council but is also able to function as an arms-length development company however the Council recognises that this company exposes us to new risks.

During the year progress against the previous year's AGS Action Plan is taken to every Audit Committee so that the action points can be monitored, not all the action points from the 2017/18 AGS Action Plan have been completed at this time; one item is not due for completion yet but 3 were and required more work. All were partially addressed and are included below in the Action Plan for 2018/19.

Overall the Authority has a robust Governance Framework and is not afraid to subject itself and its decisions to scrutiny or Peer review, this enables the Council to have assurance that its governance arrangements are sound but also treated as a live and evolving framework which can respond to the environment it finds itself in.

Following a review of the sources of assurance and evidence to support the AGS, it is the opinion of the Group Manager for Performance, Governance and Data Security that the Council's control environment was adequate in the 2018/19 financial year.

😊 = Assurance Received   😞 = Some additional work required

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Approved by the Leader of the Council

Bob Deed



Date

Approved by the Chief Executive

Stephen Walford

Date

## Annual Governance Statement (2018/19)

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
How We Meet these Principles	Where You Can See Governance in action	Assurance Received and Issues Identified
<p><b>Behaving with integrity</b></p> <ul style="list-style-type: none"> <li>• We operate an appraisal scheme for all staff to identify development and skills needs and assess performance.</li> <li>• We provide new Members and staff with induction training on appointment.</li> <li>• We have Codes of Conduct for Members and Staff</li> <li>• Declarations of interest made at meetings are published with minutes and on our website.</li> <li>• We have registers of interests and gifts &amp; hospitality for Members and Staff.</li> <li>• Our Whistleblowing policy was extensively rewritten in 2017 it is next due for review in March 2020.</li> <li>• We have a clear complaints procedure on our website and an up-to-date Customer Care Policy.</li> <li>• We take the Health and Safety of our</li> </ul>	<p>New Councillors Induction Programme</p> <p>Staff Induction Policy</p> <p><a href="#">Constitution</a></p> <p><a href="#">Your Councillors - MIDDEVON.GOV.UK</a></p> <p>Fraud, Money Laundering and Whistleblowing</p> <p><a href="#">Complaints Procedure</a></p> <p><a href="#">Customer Care Policy</a></p>	<p style="text-align: center;"></p> <p>Gifts &amp; Hospitality and Declarations are audited regularly by Internal Audit</p> <p>Adherence to legislation is confirmed in each audit undertaken</p> <p>The Code of Conduct for Councillors and Co-opted Members was recommended to Full Council for Approval in April 2017</p> <p>Members Code of Conduct training is carried out by the Monitoring Officer</p> <p>Alertcom system implemented. Procedures embedded. Risk assessments in place. 121s / team meetings used to address this. Staff survey action plan.</p> <p style="text-align: center;"></p> <p>Increase ethics awareness training in the staff induction process; the new “Evolve” project is wrapping up these themes.</p> <p>However culture and ethics audit in</p>

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<p>Staff extremely seriously.</p> <ul style="list-style-type: none"><li>• We evaluate the training needs of Members and run briefings on key topics to ensure they have the knowledge and information to make effective decisions.</li><li>• We operate a protocol to govern the relationship between Members and officers that ensures access to appropriate information.</li></ul> <p><b>Demonstrating strong commitment to ethical values</b></p> <p>The Council has the following documents which are relevant:</p> <ul style="list-style-type: none"><li>• Officers' Code of Conduct</li><li>• Members' Code of Conduct</li><li>• Protocol on Member/Officer Relations</li><li>• Guidance for Members and staff on hospitality and gifts</li><li>• Protocol of good practice for councillors dealing in planning matters</li><li>• Staff Charter to communicate expected values and behaviours.</li><li>• Financial regulations</li></ul> <p><b>Respecting the rule of law</b></p>	<p><a href="#">Member Development Policy</a></p> <p><a href="#">Protocol on Member/Officer Relations</a></p> <p><a href="#">Constitution</a></p> <p>Staff Charter</p>	<p>2018/19 was of a "good" standard</p>
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- The Constitution is under continuous review.
- We ensure we comply with Statutory Provisions.
- Compliance with CIPFA's *Statement on the Role of the Chief Financial Officer in Local Government* (CIPFA, 2015)
- We have effective and up-to-date anti-fraud and corruption policies and procedures
- Legal advice is given either as a stand-alone piece of advice or in relation to a case on which Legal Services are instructed to advise.
- We recognised the importance of having effective arrangements in place for the Monitoring Officer function by updating and strengthening the role of the Monitoring Officer in the Council and recruiting a suitably qualified person for the post.


[Constitution](#)

[The role of the Chief Financial Officer in local government](#)

Policies & Strategies - Home

**Principle B: Ensuring openness and comprehensive stakeholder engagement**

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How We Meet these Principles	Where You Can See Governance in action	Assurance Received and Issues Identified
<p><b>Openness</b></p> <ul style="list-style-type: none"> <li>• We publish agendas and minutes for all our meetings on our website.</li> <li>• We publish key decisions on the website</li> <li>• We have a FOI publication scheme</li> <li>• We have a standard report template</li> <li>• We have a calendar of dates for submitting, publishing and distributing timely reports.</li> </ul> <p><b>Engaging comprehensively with institutional stakeholders</b></p> <ul style="list-style-type: none"> <li>• We meet with our local colleges of FE and key local employers to discuss how the Council can support their work</li> </ul> <p><b>Engaging with individual citizens and service users effectively</b></p> <ul style="list-style-type: none"> <li>• We publish details of consultations and petitions on our website</li> <li>• We have policies for communication</li> </ul>	<p><a href="#">Browse Meetings, MIDDEVON.GOV.UK</a></p> <p><a href="#">Forthcoming Decisions</a></p> <p><a href="#">Publication Scheme - MIDDEVON.GOV.UK</a></p> <p>Report template</p> <p>Committee Report Procedure</p> <p>Community Engagement Strategy and Action Plan</p> <p><a href="#">Consultation &amp; Involvement</a></p>	<p style="text-align: center;"></p> <p>We publish recordings of all our meetings on the website (with the exception of Part 2 business).</p> <p>We sometimes send out policies which are being reviewed to partner agencies for comment. Eg Income Management policy review will be sent to CHAT, Wiser£money etc for comment. Homelessness strategy – we held a meeting for external stakeholders including the Police.</p>

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<p>and Social Media</p> <ul style="list-style-type: none"><li>• We have an active Tenant involvement group – Tenants Together which produces regular newsletters</li><li>• Mid Devon Gypsy and Traveller Forum established</li></ul>	<p><a href="#">Communication strategy</a></p> <p>Housing News 4U</p>	
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Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits		
How We Meet these Principles	Where You Can See Governance in action	Assurance Received and Issues Identified
<p><b>Defining outcomes</b></p> <ul style="list-style-type: none"> <li>We have a new vision for the Corporate Plan 2016-2020: Your council, your future</li> <li>We have an agreed Corporate Plan for 2016-2020</li> </ul> <p><b>Sustainable economic, social and environmental benefits</b></p> <ul style="list-style-type: none"> <li>We have a capital asset management group which aims to maximise the return on our capital assets</li> <li>Optimising sustainability and taking a long term view</li> <li>We treat everyone fairly and equally.</li> </ul>	<p><a href="#">Our Corporate Plan</a></p> <p><a href="#">Asset Management &amp; Capital Plan</a></p> <p>10 year design plan for open spaces</p> <p>Medium Term Financial strategy</p> <p><a href="#">Equality and Diversity</a></p> <p>The Housing Service has a comprehensive set of policies which ensures consistency in service delivery. We use the Devon Home Choice Scheme to assess housing need and to allocate our homes. This ensures consistency and</p>	<p style="text-align: center;"></p> <p>Regular reports on progress against the Corporate Plan including a set of agreed standard measures</p> <p>Corporate plan priorities and targets are cascaded throughout the Council</p> <p>Public Sector Equality Duty training sessions have been run for Members and staff</p> <p style="text-align: center;"></p> <p>The Equality Objective for 2018/19 to review the work of, and work towards the revival of, the Corporate Equalities Group has not yet been completed. Although some progress has been made this will continue to be the Equality Objective for 2019/20.</p>

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	is also open and transparent.	
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<ul style="list-style-type: none"><li>• Key Performance Indicators have been established and approved for each service element and included in the service plan and are reported upon regularly to Committees.</li></ul> <p><b>Optimising achievement of intended outcomes</b></p> <ul style="list-style-type: none"><li>• budgeting medium term</li><li>• financial strategy</li><li>• process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li></ul>	Medium Term Financial Plan	
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Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
How We Meet these Principles	Where You Can See Governance in action	Assurance Received and Issues Identified
<p><b>Developing the entity's capacity</b></p> <ul style="list-style-type: none"> <li>We are committed to improving staff welfare which should reduce our sickness absence which is a direct cost to the Council.</li> <li>All Managers have been put through a Management Training Programme</li> </ul> <p><b>Developing the capability of the entity's leadership and other individuals</b></p> <ul style="list-style-type: none"> <li>We provide all staff with job descriptions setting out their duties clearly and document the personal qualities and attributes required for each post.</li> <li>We operate an appraisal scheme for all staff to identify development and skills needs and assess performance.</li> <li>We operate a protocol to govern the relationship between Members and officers which ensures access to</li> </ul>	<p><a href="#">Constitution</a> <a href="#">Equality and Diversity</a></p>	<p style="text-align: center;"></p> <p>A programme of training and briefing sessions for elected Members has been agreed to ensure Members remain up to date with current issues, are clear about their roles, and have sufficient information to make informed decisions.</p> <p>Members have signed up to the Developing Your Leadership Potential Programme being run as part of a shared Member development service with other Devon and Somerset Authorities.</p> <p>The qualifications, skills, behaviours and personal attributes required by staff in their roles are identified and documented, and reviewed regularly.</p> <p style="text-align: center;"></p> <p>The current economic situation is likely to continue to cause a reduction in the number of staff employed by the</p>


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<p>appropriate information.</p> <ul style="list-style-type: none"><li>• We treat everyone fairly and equally.</li><li>• We take the Health and Safety of our Staff extremely seriously.</li><li>• We provide new Members with induction training on appointment.</li><li>• We evaluate the training needs of Members and run briefings on key topics to ensure they have the knowledge and information to make effective decisions.</li><li>• The Corporate Peer Challenge report in 2017 identified the extent to which we have radically-improved and confirms that we are in a strong position to address future challenges.</li><li>• The Head of Paid Service has an annual appraisal and is set performance targets by the Cabinet</li></ul>	<p>New Councillors Induction Programme</p> <p><a href="#"><u>Member Development Policy</u></a></p>	<p>Authority. We have identified that this presents a potential risk to our ability to retain the skills and experience needed. The new “Evolve” project is wrapping up these themes.</p>
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Principle F: Managing risks and performance through robust internal control and strong public financial management		
How We Meet these Principles	Where You Can See Governance in action	Assurance Received and Issues Identified
<p><b>Managing risk</b></p> <ul style="list-style-type: none"> <li>All reports which go to Committee include a risk assessment as part of the required components on our report template.</li> <li>Our Risk &amp; Opportunity Management Strategy was reviewed and approved by Audit Committee on 20 March 2018.</li> <li>Risks on our risk register are allocated to individual managers who are named on reports.</li> <li>The Audit Committee actively monitors risks and controls at their meetings.</li> </ul> <p><b>Managing performance</b></p> <ul style="list-style-type: none"> <li>Our Performance has been mapped to the Corporate Plan; all our Aims have performance measures.</li> <li>Benchmarking information is included where available; a Council –wide subscription to LG Inform Plus is improving the use of benchmarking and is regularly promoted at Group</li> </ul>	<p>Report Template</p> <p>Risk &amp; Opportunity Management Strategy</p>	<p style="text-align: center;"></p> <p>The Leader’s annual report to Scrutiny is mapped against the Corporate Plan priorities to make the link easier to see.</p> <p>We entered into internal audit management arrangements with Devon Audit Partnership which has further strengthened the effectiveness of our Internal Audit Service.</p> <p>The internal annual audit report and opinion supports this as does training provided by DAP to the Audit Committee.</p> <p>The internal audit of cyber security was a “good” standard.</p> <p>Housemark - the Housing Service subscribes to this. This may assume greater importance should the Government implement changes mooted in the Social Housing Green Paper last year.</p>

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<p>Manager Team meetings.</p> <ul style="list-style-type: none"><li>• Calendar of dates for submitting, publishing and distributing timely reports that are adhered to.</li><li>• All agenda and minutes of Scrutiny committee are published on our websites, including recordings of the meetings.</li><li>• 3 Rivers shall ensure that the Managing Director shall attend meetings or parts of meeting(s) up to a maximum of four times per year as the Council may require on not less than 5 Business Days' notice and shall answer questions put by the Council and provide information regarding its activities as reasonably requested.</li><li>• Performance and Risk Reports go to PDGs, Cabinet, Audit and Scrutiny Committees.</li><li>• Leadership Team is committed to the performance framework.</li></ul> <p><b>Robust internal control</b></p> <ul style="list-style-type: none"><li>• Our Risk &amp; Opportunity Management Strategy was reviewed</li></ul>	<p>Committee Report Procedure</p> <p><a href="https://www.middevon.gov.uk/Meetings_agendas_and_minutes">Meetings, agendas, and minutes - MIDDEVON.GOV.UK</a></p>	<p style="text-align: center;"></p> <p>The Internal Audit report for Development Control identified “Improvements Required” with regard to the inability of the legacy systems to provide a full overview of the ‘trigger points’ for all of the s106 agreements.</p> <p>The internal audit report on risk management opinion was “The quality of information about risks and the mitigating action of those risks required significant improvement to enable the risk register and risk management framework to be an effective tool to protect the Council’s activities”.</p> <p>An Internal Audit Report on 3 Rivers states “We consider that the current developing position of the Company and the level of risk and investment into this new venture represents a significant risk to the Authority.”</p>
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<p>and approved by Audit Committee on 19 March 2019.</p> <ul style="list-style-type: none"><li>• We have effective and up-to-date anti-fraud and corruption policies and procedures</li><li>• We have entered into a partnership to provide our Internal Audit Service in-house.</li><li>• Our Audit Committee attend training offered internally and externally.</li></ul> <p><b>Managing data</b></p> <ul style="list-style-type: none"><li>• We have Data Protection and Information Security Policies in place.</li><li>• We have mandatory Data Protection and Information Security training for all staff, Members and contractors (with access to our computer network)</li><li>• We have a Data Quality Policy in place.</li><li>• We check performance information as part of every audit we do.</li></ul> <p><b>Strong public financial management</b></p>	<p>Risk &amp; Opportunity Management Strategy</p> <p>Fraud, Money Laundering and Whistleblowing</p> <p>Policies &amp; Strategies - Home</p> <p>Learning Management System</p> <p>Policies &amp; Strategies - Home</p>	
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<ul style="list-style-type: none"><li>• We publish a Medium Term Financial Strategy covering 5 years each year.</li><li>• We publish Monitoring Reports from July to February each year</li><li>• The budget book is published on the website</li></ul>	<p>medium term financial strategy</p> <p><a href="http://MIDDEVON.GOV.UK/Budgets">Budgets - MIDDEVON.GOV.UK</a></p>	
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Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
How We Meet these Principles	Where You Can See Governance in action	Assurance Received and Issues Identified
<p><b>Implementing good practice in transparency</b></p> <ul style="list-style-type: none"> <li>We publish our Statement of Accounts on our website.</li> </ul> <p><b>Implementing good practices in reporting</b></p> <ul style="list-style-type: none"> <li>We report regularly on our performance to PDGs, Cabinet, Audit and Scrutiny Committees</li> <li>We publish our Annual Governance Statement and Action Plan on our website and take Progress reports on the Action Plan to every audit Committee meeting.</li> </ul> <p><b>Assurance and effective accountability</b></p> <ul style="list-style-type: none"> <li>Our Internal Audit Manager complies with the CIPFA Statement on the Role of the Head of Internal audit</li> <li>We completed our annual self-assessment against the Public Sector</li> </ul>	<p><a href="#">Statement of Accounts</a></p> <p><a href="#">Annual Governance Statement</a></p> <p><a href="#">The Role of the Head of Internal Audit CIPFA</a></p>	<p style="text-align: center;"></p> <p>Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.</p> <p>Best Practice 14 from Ethical Standards in Local Government A Review by the Committee on Standards in Public Life January 2019</p>

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Internal Audit Standards		
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