

Audit Committee

Item No ____

Report title:	Monitoring Officer's Annual Report 2016/17
Date of meeting:	15 June 2017
Responsible Chief Officer:	Chief Legal Officer
Strategic impact The Audit Committee considers matters of Governance in accordance with its terms of reference, which are part of the Council's Constitution, part 4.1 (4.4) . (page 11).	
Executive Summary The Monitoring Officer's Annual Report summarises the internal governance work carried out by the Monitoring Officer in 2016/17 and provides assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer, is adequate and effective. This annual report supports the assurance statements included in the draft Annual Governance Statement for 2016/17 (the "Annual Governance Statement"). The key messages in the Monitoring Officer's report include: <ul style="list-style-type: none">• that there have been no 'reportable incidents' during the period 2016/17;• that the systems of internal control administered by the Monitoring Officer were adequate and effective during 2016/17 for the purposes of the latest regulations;• that there were no findings of breach of the Council's Code of Conduct during 2016/17;• that two new Independent Persons, required by the procedures for the assessment of Code of Complaints under the Localism Act 2011, have been appointed by the Council; and• that a review of the Council's governance arrangements in relation to the Norse Group was carried out in 2016/17 and a series of recommendations for strengthening those arrangements were adopted by the Council.	
Recommendation The Audit Committee is requested to note the contents of the report and in particular the key messages in the above Executive Summary and Appendix A section 2.1.	

1 Proposal

- 1.1 The proposal is shown at the Executive Summary above.

2 Evidence

- 2.1 The Monitoring Officer's Annual Report for 2016-17 is presented at **Appendix A**.

3 Financial Implications

There are no specific financial implications to report.

4 Issues, risks and innovation

Section 17 Crime and Disorder Act

- 4.1 Under section 17 of the Crime and Disorder Act the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 4.2 The Monitoring Officer's work helps to deter crime, and/or make crime difficult, increasing the likelihood of detection and prosecution and thereby disincentivising crime.

5 Background

- 5.1 Officers have considered all the implications which Members should be aware of. Apart from those listed in the report, there are no other implications to take into account.

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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**Monitoring Officer's
Annual Report
2016/17**

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1. Introduction

- 1.1 The Monitoring Officer's Annual Report summarises the more significant activities of the Monitoring Officer in 2016/17 and comments on other current issues relevant to the Monitoring Officer's work for the County Council.
- 1.2 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, Norfolk County Council recognises the need for sound corporate governance arrangements and over the years has put in place policies, systems and procedures designed to achieve this. The County Council adopted a Code of Corporate Governance based on the CIPFA model which is reviewed annually by the Executive Director of Finance as a means of drawing together all the positive elements of corporate governance which it already has in place. A full review of the Code of Corporate Governance is now under way.
- 1.3 The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those more recently conferred under the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007 and subsequent regulations governing local investigations into member conduct. The current standards regime came into effect with the introduction of the Localism Act in 2011 and subsequent implementing regulations that came into force during 2012/13.

2. Key messages

- 2.1 The key messages to note from the year are:
 - There have been no 'reportable incidents' during the period 2016/17.
 - That the systems of internal control administered by the Monitoring Officer including compliance with the Code of Corporate Governance and the Council's Constitution were adequate and effective during 2016/17 for the purposes of the latest regulations.
 - The Council is required to have at least one "Independent Person" for the purposes of its standards regime. The term of office of the Council's Independent Person came to an end in May 2016. The Council decided to appoint two Independent Persons (Council Meeting 12 December 2016) and approved the appointment of Mr. Alan Squirrel and Mr. Stephen Jones, each for a four year term.
 - The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.
 - The County Council publishes on its website a summary of Members' declared interests, all the authority's expenditure over £500 and the expenses of Chief Officers.

- The Council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training and has put in place arrangements for monitoring compliance with standards of conduct across the Council including:
 - Standards of conduct and behaviour for officers
 - Code of Conduct for Members
 - Register of Disclosable Pecuniary Interests
 - Register of gifts and hospitality
 - Complaints procedure

Following the May 2013 elections all Members completed a declaration of Disclosable Pecuniary Interests. Any new members elected during the 2013-2017 administration similarly completed a declaration and all members were asked to update their declarations in May 2016. These updates were loaded onto the website.

- Following the May 2013 elections training on the Code of Conduct and registration and declaration of interests was held for all Members. New members appointed in 2016/17 (and in previous years) received training from the Monitoring Officer.
- The Council can demonstrate that generally Members and staff exhibit high standards of personal conduct. During 2016/17 the number of standards complaints was low (as it was in 2015/16) and no hearings of the Standards Committee were required.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers and that they are regularly reviewed.
- The Audit Committee receives an annual update on the Council's counter fraud and corruption policy applying to all aspects of the Council's business. This policy has been communicated throughout the Council. There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.
- The Council has arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct and fraud and corruption.
- The County Council's Anti-Fraud and Corruption Strategy updated to reflect changes in law and practice, and was approved by the Audit Committee in January 2014.
- There is a whistleblowing policy which is publicised and demonstrates the Council's commitment to providing support to whistle-blowers and has been communicated to staff and those parties contracting with the council. The Council can demonstrate its staff, and staff within contracting organisations,

have confidence in the whistleblowing arrangements and feel safe to make a disclosure. The policy was last reviewed against best practice guidance from the Audit Commission during 2011, as reported to Audit Committee, and is currently under way, with an update scheduled to go to the Audit Committee's September 2017 meeting.

- The Monitoring Officer and the Executive Director of finance and Commercial Services conducted a full review of the Council's governance arrangements during 2016/17 in relation to the Norse Group and a series of recommendations were adopted by the Council.
- nplaw, the legal service for the County Council, achieved the Law Society's Lexcel quality standard and has arrangements in place to ensure the quality of the service provided.
- Money laundering requirements as stipulated in the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 have been fully met.

3. Results of the Monitoring Officer's work in 2016/17

3.1 In order to ensure the effective undertaking of her responsibilities, the Monitoring Officer has a number of duties which are set out in the table below:-

DUTIES	EXAMPLES
Has regular meetings with each of the Managing Director, Executive Director for Finance and Commercial Services and Head of Democratic Services in order to review current and likely future issues with legal, constitutional or ethical implications.	Preparation for the May 2017 County Council elections were a key focus of discussion in the period Nov. 2016 to March 2017. The Monitoring Officer and the Head of Democratic Services were closely involved with arrangements with the District Councils, the Electoral Commission and in devising induction and training for new members.
Maintains good liaison and working relations with the External Auditor.	Key issues for the External Auditor were raised through meetings with the External Auditor and through the Executive Director for Finance and Commercial Services. The External Auditor is notified and contacted if reportable incidents arise.
Ensures that the County Council is kept up to date on new legislation and changes in the law which are relevant to the carrying out of the County Council's activities.	This will generally take the form of reports to Members and briefing notes to Executive Directors but where appropriate will involve training sessions for relevant Members and Officers. These activities are carried out in consultation and conjunction with relevant Executive Directors.

DUTIES	EXAMPLES
<p>The Monitoring Officer or one of her senior staff is consulted at an early stage on new policy proposals and on matters, which have potentially significant legal implications.</p>	<p>The Monitoring Officer and her staff are regularly consulted by Executive Directors on new policy proposals. The Monitoring Officer is not a member of the County Leadership Team (CLT) and there is therefore an onus on the Executive Directors to inform her of key policy proposals and matters with significant legal implications. She receives copies of reports that go to the CLT.</p>
<p>All draft reports to the Service Committees are as a matter of routine cleared with the Monitoring Officer or her senior staff.</p>	<p>Significant reports for decision were routinely forwarded to the Monitoring Officer and her staff by service departments and were reviewed for their legal and ethical implications.</p>
<p>The Monitoring Officer has been informed of all emerging issues of concern of a legal, ethical or constitutional nature.</p> <p>Similarly, Members have ensured that the Monitoring Officer is routinely informed and consulted in respect of new policy proposals.</p>	<p>Executive Directors are aware that they should consult the Monitoring Officer on legal, ethical or constitutional matters and they regularly do so.</p> <p>Members can rely on the fact that significant reports for decision are routinely reviewed by the Monitoring Officer or her senior staff, prior to their presentation at Committees.</p>
<p>The Monitoring Officer has sought to resolve any potential illegality by identifying alternative and legitimate means of achieving the objective of the proposal.</p>	<p>The Monitoring Officer, in her capacity as Chief Legal Officer, and her senior staff regularly advise on the legality and/or appropriateness of administrative procedures.</p>
<p>In cases where external lawyers are acting for the County Council, it will be necessary for the relevant Chief Officer and the Monitoring Officer to agree arrangements for ensuring that vires and constitutional issues are satisfactorily addressed.</p>	<p>No exceptions were raised during the period.</p>
<p>In appropriate cases, and to secure the rapid resolution of a potential reportable incident or avoid a separate statutory report, the Monitoring Officer will be entitled to add her written advice to the report of any other County Council Officer.</p>	<p>There have been no such incidents during 2016/17.</p>

DUTIES	EXAMPLES
<p>Where the Monitoring Officer receives a complaint of a potential reportable incident, she must in appropriate cases seek to resolve the matter amicably, by securing that any illegality or failure of process is rectified. However, it is recognised that the Monitoring Officer may decide that the matter is of such importance that a statutory report is the only appropriate response.</p>	<p>There have been no incidents requiring a statutory report during 2016/17.</p>

4. Review of effectiveness of systems of internal audit

- 4.1 The Accounts and Audit (England) Regulations 2015 require the Council to review annually the effectiveness of its system of internal audit. There is currently no guidance or good practice available for meeting this requirement. Informal advice from CIPFA and discussions with other local authorities provided various options for reviewing the effectiveness of the system of internal audit.
- 4.2 The elements of the Council's systems of internal audit and the assurance on their effectiveness include corporate control functions such as legal services. As endorsed by the Audit Committee on 24 April 2007, the option chosen is for the Audit Committee to review information on the effectiveness of the management processes and corporate control functions (legal, financial, health and safety and human resources services performed) as provided by self-assessment, customer feedback and any existing external performance reviews.
- 4.3 nplaw's work was accredited by Lexcel, the Law Society's quality standard for all legal practices, in March 2017 and was commended for some good practice areas.

5. Governance Statement

- 5.1 In addition to the Council's own governance the Monitoring Officer provides legal advice to the following joint committees:
 - Norfolk Records Committee
 - Norfolk Joint Museums and Archaeology Committee
 - Eastern Shires Purchasing Organisation (ESPO)
 - Norwich Highways Agency Committee
 - Eastern Inshore Fisheries and Conservation Authority; and
 - Norfolk Parking Partnership Joint Committee.
- 5.2 The Council and each Joint Committee (where required to do so) publishes its own Annual Governance Statement.
- 5.3 In addition the Monitoring Officer provides legal advice to the Pension Funds administered by the Council and in some areas, to the Council's wholly owned companies.

6. Section 17 Crime and Disorder Act

- 6.1 Under section 17 of the Crime and Disorder Act the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 6.2 The Monitoring Officer's work helps deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing the rewards from crime.

7. Overall opinion on the adequacy and effectiveness of the Governance framework

- 7.1 That the systems of internal control administered by the Monitoring Officer including the Code of Corporate Governance and the Council's Constitution, were adequate and effective during 2016/17 for the purposes of the latest regulations.

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If you need this report in large print, audio, Braille, alternative format or in a different language please contact Victoria McNeill on telephone 01603 223415 or 0844 8008011 (minicom) and we will do our best to help.

