

Test Valley Borough Council

ANNEX

Annual Governance Statement 2021/22

1 Scope of responsibility

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and 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.
- 1.2 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, and which includes arrangements for the management of risk.
- 1.3 The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Local Code of Corporate Governance is on the Council's website at: <http://www.testvalley.gov.uk/aboutyourcouncil/corporatedirection/local-codecorporate-governance>, or can be obtained from the Head of Legal and Democratic Services. This statement explains how the Council has complied, and continues to comply, with the principles underlying this code and also meets the requirements of regulation 6 of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

2 The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. 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, value for money services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk at 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 of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they happen, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework that has been in place at the Council for the year ended 31 March 2022 is explained in the following section along with changes that have been implemented in the year. It will continue to be developed during the coming year.

3 The impact of Covid19 on the governance framework

- 3.1 The Council's governance arrangements have continued to be impacted by the coronavirus pandemic during 2021/22. Response and Recovery Plans initially established at the onset of the pandemic during 2020/21 have been subject to regular review and update during the year and the Council has put in place and adapted robust and effective measures for managing these impacts including:
- Taking an active role in the Hampshire and Isle of Wight Local Resilience Forum (LRF) contributing to the wider LRF response and recovery programmes.
 - Establishing clear roles and responsibilities with the Council's Cabinet who are the recovery sponsors and the Management Team meeting specifically as a response and recovery programme group to review and guide the delivery of the action plans derived from the strategic priorities set out in the recovery plan.
 - Continuing to support community response and recovery through funding and bringing together community partners on a regular basis.
 - Working with its strategic partners to support testing and vaccination centres which are now in operation within the borough.
 - Identifying priorities and work streams and fully assessing and regularly reviewing the impacts and mitigating actions.
 - Drawing upon some of the lessons learned throughout the pandemic, the Council has commissioned a New Ways of Working programme to support the Council's onward modernisation. The programme has utilised the experience gained from working more remotely and developed plans for working in a more agile way. Following a pilot phase the Council is embedding this new approach through three key work streams: people & culture, business infrastructure and innovation in service delivery.
- 3.2 The Council has continued to embed the practices learned throughout the pandemic and control measures have worked well throughout the waves of the virus. Forming part of the corporate risk register means that Management Team have been reviewing Covid19 impacts alongside other key strategic risks on a quarterly basis as part of the corporate dashboard. A lessons learned / project closure report for the recovery project is being produced as response arrangements are scaled down and/or embedded as part of business as usual activities. Wider more systemic / long term recovery issues which the council is not solely responsible for (e.g. economic recovery) are to be addressed through ongoing policy and strategy development.

4 The governance framework

4.1 The key elements of the systems and processes that comprise the Council's governance arrangements are as follows:

- The Council has fulfilled the following key roles (now formally adopted as part of the Local Code of Governance):
 - To promote the well-being of the area and provide leadership to the community;
 - To ensure the provision of high quality services provided in-house, by private sector companies, (where the ability to influence exists), jointly with other Councils or agencies, or by the voluntary sector;
 - To be accountable and provide stewardship for the use of public funds and resources;
 - To build a strong sense of community.

4.1.1 In fulfilling these roles the Council is committed to following the six core principles of good corporate governance identified in the CIPFA/SOLACE Guidance and how the Council is working towards achieving these principles is set out in the document "Principles of Good Governance"

4.2 A single strategic partnership for the Borough is in place called the Test Valley Partnership. It brings together the key partner agencies from across the public and voluntary and community sector. It meets twice a year and provides a place in which the key strategic issues facing the borough can be discussed, joint work developed and statutory duties met.

4.2.1 The Test Valley Partnership and its umbrella groups (community safety management group, community resilience forum and the newly established civilian military forum) all continued to meet throughout the pandemic. During 2021 the main partnership met on two occasions. The partnership has started to review its programme of work in-light of the pandemic and where evidence is demonstrating a focus is required.

4.2.2 A significant piece of work this year has been on mental health with the partnership finalising the process for signing up to the mental health concordat which requires an action plan to be developed and endorsed by all partners. The Community Resilience Forum has continued its work and met in 2021 to review how community resilience models developed within the pandemic could shape future planning which is also contributing to a wider Local Resilience Forum review.

4.3 The Council has a clear vision of its purpose and desired outcomes for the short, medium and long term. These are encapsulated in its Corporate Plan through a range of corporate and service strategies and through four areas of focus as part of the Council's commitment to the Test Valley Partnership.

4.3.1 There has been considerable consultation and stakeholder involvement in the

development and progression of these plans and strategies and they are made available to the public through a variety of means including the Council's website and Test Valley News.

- 4.3.2 The Council has published a Corporate Plan for 2019 / 2023 "Growing Our Potential" which was approved by the Council on 10th April 2019. It has four main aims and an action plan detailing how these aims will be delivered. In developing the plan, previous priorities were reviewed, extensive consultation was undertaken with local people and elected Councillors whilst also considering external influences on the borough, such as government policy.
- 4.3.3 The Council has a longstanding strategic commitment to work with its communities collaboratively. At the centre of this is the democratic role elected councillors play in bringing communities together to ensure inclusivity when undertaking local action planning and priority setting. The Council's Member and Community Development Group, chaired by the Leader of the Council, supports community councillors to engage more effectively with local residents and communities.
- 4.3.4 This has enabled the Council to develop innovative practice such as being one of only three Local Authorities in the country to be part of the Innovation in Democracy Programme in 2019/20 in which a Citizens Assembly was held in Romsey focused on the priorities for the South of Town Centre Masterplan. The Council continues to build upon the experience gained from the Innovation in Democracy Programme.
- 4.3.5 In 2021 the Council's senior managers who form the Senior Managers Forum took part in a one-day workshop hosted by the Southern Policy Centre with contributions from a former government minister on how the Council could use deliberative engagement techniques as a way to ensure effective evidence-led engagement with residents and move beyond traditional survey models. This includes applying the principles of lived experience and deliberation as part of our approach to developing key policy areas such as the next corporate plan. In addition the Council is also piloting further deliberative engagement activities such as:
- Contributing to the Local Resilience Forum review of community resilience through a series of deliberative events to shape a future model of community resilience.
 - A youth engagement project in Andover
 - A commitment to three deliberative events as part of the development of the next corporate plan.
 - embedding deliberative community engagement as part of the consultation process for the 2023 Corporate Plan.
- 4.3.6 The Council formally reviews its progress and performance against its corporate priorities through an Annual Corporate Action Plan Report <https://www.testvalley.gov.uk/aboutyourcouncil/corporatedirection/corporate-plan-for-2019-to-2023> which is presented to Overview and Scrutiny Committee (OSCOM) and the Cabinet.

- 4.4 The Corporate Plan is supported by a performance management framework (including performance indicators) to measure progress. 2021 saw the introduction of a new Corporate Dashboard which brings top-line strategic information for the Council's Management Team to review each quarter and act as a catalyst for the onward Management Team work programme. The Dashboard applies the good governance principles and uses the framework developed by the Centre for Governance & Scrutiny (CFGs) of "anticipate, manage and adapt" to help structure discussion. The dashboard focuses on the following key areas:
- Finance
 - Emerging issues and hot topics (strategic oversight)
 - Organisational health – people
 - Democratic matters
 - Corporate Performance
 - Corporate Action plan delivery
 - Governance and Risk management
- 4.5 Members of OSCOM undertake task and finish panel reviews. Once an area for review has been identified, the lead member/chairman of the panel presents the draft scoping document for the review to the full committee for consideration.
- 4.5.1 A full report is then subsequently presented to OSCOM once the review has been completed or reached an appropriate stage. This process has ensured more effective and focused reviews and a clear line of responsibility to the main committee. In addition, there are standing panels; the Audit Panel and the Budget Panel which meet regularly throughout the year and cover scrutiny of all the financial activities of the Council. The standing Panels report to OSCOM on a regular basis and bring any issues of concern to the attention of the Committee.
- 4.6 The Council has in place a Medium Term Financial Strategy, updated annually, which supports the aims of the Corporate Plan. The Medium Term Financial Strategy has been materially affected by the impacts of the coronavirus, though most income and expenditure is returning to pre-pandemic levels. The greatest risk to the MTFS is the uncertainty surrounding the potential for a business rates re-set which could see a material reduction in a key income stream, the timing and extent of which is beyond the Council's control.
- 4.7 The quality and value for money of services provided to users is measured through the Authority's performance management system. This includes the measurement and review of performance against national and local performance indicators and actions taken to address areas for improvement. Performance is monitored regularly throughout the year by Performance Boards and as part of the Corporate Dashboard process.
- 4.8 The roles of the Cabinet, OSCOM, and other committees of the Council as well as specific roles assigned to the Leader, Deputy Leader, Portfolio Holders and senior officers of the Council are defined and documented within the Council's Constitution.

- 4.8.1 The Leader undertook a Portfolio Holder review and update on 27th October 2021. The Constitution also clearly identifies the powers, duties and responsibilities delegated to the Deputy Leader, Portfolio Holders and Officers, and includes rules for how Council and committee meetings should operate and the relationship between Members and Officers.
- 4.8.2 Arrangements have been put in place to reinstate physical Council and Committee meetings after the Government ended the ability to hold remote meeting in May 2021. This included incorporating Covid-19 protection measures, as appropriate, as guidance changed.
- 4.8.3 Having regard to the benefits of remote meetings, the Council has responded to the Government's consultation/call for evidence on the subject. The Council has been able to continue to avail itself of the ability to conduct non-committee business remotely or in a hybrid fashion where appropriate.
- 4.9 During 2021 the Council established a Strategy and Innovation Service to strengthen the Council's ability to develop and manage its corporate planning processes. In its first year of operation the Service led on key projects and programmes including the Council's approach to new ways of working.
- 4.10 The conduct of Members and Officers is regulated by separate codes of conduct within the Council's Constitution. The Council's General Purposes Committee together with the General Purposes Employment Appeals and Ethics Sub-Committee promote high standards of conduct by Members and consider complaints made against Members.
- 4.10.1 A comprehensive set of Human Resources policies ensures compliance with employment legislation and promotes good personnel practices. These include disciplinary and capability processes to deal with conduct or performance which is unacceptable. These policies and procedures are regularly reviewed and revised.
- 4.11 The conduct of day to day Council business is regulated through policies and procedures such as Contract Standing Orders and Financial Regulations. The delegations to Members and Officers are kept continually under review and revised as appropriate.
- 4.12 Elected members and all officers are aware of their obligations under equality legislation, as well as the standards of behaviour and language which are expected from representatives and employees of the Council. Ongoing training is provided for both Members and officers.
- 4.12.1 Equality impact assessments are built into the Council's decision making process. The Council has reviewed its corporate equalities objectives, alongside its duties under the new gender pay gap publication requirements. The Council continues to deliver training on the Equality Act 2010 to new members of staff and to Members.

- 4.12.2 As part of his Portfolio Review in October 2021 the Leader introduced a new area of Portfolio responsibility “Diversity and Inclusion”. The responsibility for being the Council’s lead for Equality, Diversity and Inclusion has been allocated to the Council’s Management Team. The Council has published information that demonstrates compliance with the Equality Duty as defined by the Equality Act 2010 on its website.
(<https://www.testvalley.gov.uk/aboutyourcouncil/corporatedirection/equality---diversity/equalities>)
- 4.13 The Council has established Disability Focus Groups that contributed towards the development of the new Corporate Plan. The groups are helping the Council and its partners on an ongoing basis.
- 4.14 The Council is a statutory partner with regards safeguarding its residents of all ages under both The Children Act 2004 and The Care Act 2015. The Council has in place a Safeguarding Children and Vulnerable Adults Policy and this and the associated procedures are monitored regularly to ensure compliance with these duties. The Council also liaises with both the Hampshire Safeguarding Children Partnership and Hampshire Safeguarding Adults Board to ensure this.
- 4.15 On a bi-annual basis the Council is required by the Hampshire Safeguarding Children Partnership to complete the required Section 11 audit as a self-assessment of its position with regards its safeguarding duties. The last full audit which took place in 2020 was reviewed in 2021 and identified that the Council is compliant with Section 11 of the Children Act.
- 4.15.1 On a bi-annual basis the Council is also required by the Hampshire Safeguarding Adults Board to undertake an audit of its position with regards its safeguarding duties, the last undertaken in 2020 with the 2022 assessment in progress.
- 4.16 The Council approved a Climate Emergency Action Plan in 2020 to identify the steps it will be taking to work towards achieving carbon neutrality. The ability to make progress on the actions has been affected by the challenges posed by Covid19. However, because of the circumstances created by the pandemic certain areas have progressed quicker than anticipated such as new ways of working. In other areas, evidence is being gathered to create greenhouse emissions and a decarbonisation plan for the Council’s buildings.
- 4.17 The Council’s approach to risk management is outlined in its Risk Management Strategy. Corporate and Service specific risks are reviewed on a quarterly basis by the Council’s Service Performance Boards and progress in managing the corporate risk register is reported to OSCOM on an annual basis. Risk management also forms part of quarterly Corporate Dashboard discussions with the Council’s Management Team which includes the review and update of corporate risks.

- 4.17.1 The Finance & Resources Portfolio Holder is the Council's Member Champion for risk management and risk management is embedded within the Council's processes e.g. reports to decision-making committees use a template which includes a section on risk assessment which must be completed before the report can be considered.
- 4.18 The requirement to achieve Nutrient Neutrality from new residential development, overnight accommodation and tourist attractions affects the Council's strategic priority to deliver housing.
- 4.18.1 Measures to secure the use of land to provide off-site mitigation solutions necessary to protect the internationally designated nature conservation sites in and around the Solent have included the purchase of nitrate credits from a third party which can be purchased from the Council directly through an approved mitigation framework. The Council is investigating the amount of nitrate credits arising from recent land purchases and how any credits could be used. Work has also continued with the Environment Agency, Southern Water and other partners to review permit limits at Wastewater Treatment Works serving the Borough.
- 4.19 The Council's OSCOM Audit Panel met three times in the year to undertake the core functions of an "audit committee". The terms of reference for the Audit Panel include:

Audit Activity

- To consider the Internal Audit Manager's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider summaries of specific internal audit reports as requested.
- To consider reports dealing with the management and performance of the providers of internal audit services.
- To consider a report from internal audit on agreed actions not implemented within a reasonable timescale.
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from internal and external audit.

Regulatory Framework

- To review any issue referred to it by the Chief Executive, the Deputy Chief Executive, or any Council body.
- To monitor the effective development and operation of corporate governance in the Council.
- To monitor Council policies on whistleblowing and the anti-fraud, anti-corruption and anti-bribery strategies and the Council's complaints process.

- To oversee the production of the authority's Annual Governance Statement and to recommend its adoption.
- To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- To consider the Council's compliance with its own and other published standards and controls.

4.19.1 At its meeting on 6th April 2022, Council resolved to establish an Audit Committee with effect from 18th May 2022. This will replace the arrangements that have been in place throughout the 2021/22 financial year and will be reported in more detail in the next Annual Governance Statement.

4.20 The Chief Executive is the Council's Head of Paid Service and has overall corporate management and operational responsibility for the way in which the Council delivers its services. The Head of Legal and Democratic Services is designated as the Council's Monitoring Officer and has responsibilities under section 5 of the Local Government and Housing Act 1989 for ensuring that the Council complies with relevant laws and regulations and internal policies such as Contract Standing Orders. The Head of Finance and Revenues is designated as the Council's Section 151 Officer with responsibility for ensuring the "proper administration of financial affairs".

4.20.1 The Head of Finance and Revenues also has responsibility under section 114 of the Local Government Finance Act 1988 for reporting to the Council and the external auditor if the Council has made, or is about to make, expenditure which is unlawful.

4.20.2 These three statutory officers meet regularly throughout the year (plus as required on an ad hoc basis) to discuss significant corporate issues.

4.21 The CIPFA statement on the Role of the Chief Financial Officer in Local Government requires the Chief Finance Officer to report directly to the Chief Executive and be a member of the 'Leadership Team', of equal status to other members. The Council does not strictly comply with this requirement in that the Head of Finance and Revenues reports to the Deputy Chief Executive. However, in practice, the Head of Finance and Revenues is able to report directly to the Chief Executive and Members as and when required, is a member of the Management Team, and is involved and consulted in all matters which have financial implications for the Council.

4.22 The Council's Constitution contains a Confidential Reporting Code for Employees which safeguards "whistle-blowers" who raise legitimate concerns about the Council's actions and specifies how their concerns should be addressed.

4.22.1 Financial Regulations require all staff to raise concerns about the use or misuse of Council resources with the Head of Finance and Revenues or Internal Audit who will carry out an independent investigation of the circumstances. Internal Audit also actively encourages staff to raise matters of concern through "Speak Up" campaigns. A form is available on the Council's intranet for staff to raise concerns (anonymously if desired) about the use of Council resources and this facility has been extended to the website so that members of the public can raise concerns in this area.

- 4.22.2 The Council also has a formal complaints procedure for members of the public to raise issues, e.g. where they are dissatisfied with the service they have received, and an annual report is prepared for OSCOM summarising these complaints and how they were resolved.
- 4.23 The Council has a detailed Anti-Fraud and Corruption Policy which sets out the roles, responsibilities of officers and Members and actions to be taken when fraud or corruption is discovered. In addition, an Anti-Bribery Policy has been approved to address the requirements of the Bribery Act 2010.
- 4.24 The Democratic Services Manager is responsible for identifying and providing for Councillors' training needs. The Council has a cross-party Member and Community Development Group which is supported by officers from a range of services.
- 4.24.1 This Group has continued to work to promote an enhanced role for Councillors that focuses on them acting as a catalyst for change to encourage communities to reach their full potential. This work has brought together the needs and expectations of our communities in order to make balanced decisions, and has ensured a culture of democratic accountability is embraced throughout the Council.
- 4.24.2 The Group enables the Council to develop a programme of Councillor training and development that is shaped by the Councillors themselves, ensuring that training and development activities offered is tailored to individual Councillor needs as well as the needs of Councillors generally, the council and communities. This work has been shared with the Councillor Commission and has become a key part of the ongoing work that supports this national project.
- 4.24.3 All new Councillors are provided with induction training to assist them with understanding and successfully carrying out their different roles, with an ongoing programme of training and development provided on specific issues where appropriate e.g. planning, and to build key skills and knowledge.
- 4.24.4 All officers also receive induction training and appropriate professional and skills training and development identified, for instance, through annual performance discussions.
- 4.25 A People Strategy was produced in 2020/21 which shapes the cultural direction and people management practices for the future to enable the Council to achieve its ambitions over the next 3-5 years. Whilst being able to respond to the changing needs of local government and the borough's residents this forms part of the Council's Corporate Framework with close links to the Corporate Plan and Medium Term Financial Strategy.
- 4.26 The Council has in place various channels of communication with the community and other stakeholders. The Council's Consultation Portal provides a single link to all our current 'live' consultations, giving residents the opportunity to get involved, as well as access to details of the feedback from previous consultations.

- 4.26.1 There are a number of tools in place to enable the Council to hear the widest range of views from local communities, in a consistent way, as part of an evidence led approach to decision making. These include:
- Statement of community involvement.
 - Community Planning Toolkit.
 - Specialist advice and support through Community Engagement Officers and policy Team.
 - Equality objectives which set out how the Council will ensure an inclusive approach to consultation.
- 4.26.2 As the Council's place-based approach has grown, partnership websites such as Andover Vision and Romsey Future have been developed, where appropriate, due to the collaborative nature of the projects e.g. Romsey South of Town Centre. Consultation and project information has been posted to these websites with clear links back to relevant Council Services.
<https://www.testvalley.gov.uk/consultations>
- 4.26.3 Publications such as Test Valley News are sent to all households and the Council's website is an important source of information about the Council and its services. The Council's website has been designed to make it more accessible to residents and businesses of Test Valley and to make it easier to undertake transactions online. An External Communications Strategy has been produced to support the emerging Corporate Plan.
- 4.27 The Council has identified its key partnerships and promotes good governance in those. The Council's Contract Standing Orders and Financial Regulations contain specific sections on partnerships and identify officer responsibilities in relation to the management and involvement in partnerships. Protocols and agreements are put in place for the management of significant partnerships.
- 4.28 Covid19 Governance - The coronavirus pandemic and social distancing requirements have necessitated some interim amendments to processes and controls in response to an increase in remote working and access to meetings. These are being delivered in a controlled manner with appropriate advice to managers regarding the risk of error and fraud.
- 4.28.1 The crisis has required the Council to be innovative and flexible in releasing funds in a swift and controlled way. Interim processes have been put in place to maximise the benefits to residents and businesses. Crises like this will inevitably attract individuals who see the opportunity for fraud. All managers have been reminded of the risk of fraud and the various forms it may take. Interim processes are designed with this particular risk in mind.

5 Review of effectiveness

- 5.1 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 senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the annual report of the Internal Audit Manager, and also by comments made by the external auditor and other review agencies and inspectorates.

- 5.2 The effectiveness of the governance framework is maintained and reviewed through a number of mechanisms and processes:
- 5.2.1 Full Council is ultimately responsible for approving amendments to the Council's Constitution. The Head of Legal and Democratic Services is responsible for monitoring and reviewing the Constitution which is undertaken at least annually to ensure that it is up to date with current legislation and best practice.
 - 5.2.2 The Cabinet has responsibility for the day to day operation of the Council's business unless that business is delegated specifically to another committee (e.g. Planning, Licensing) and ensuring that governance arrangements and compliance is adequate for the conduct of that business.
 - 5.2.3 As part of the Council's open and transparent approach, Overview and Scrutiny Committee has responsibility for scrutinising the decisions of the Cabinet and reviewing the Council's policies and functions and making recommendations to the Cabinet as appropriate.
 - 5.2.4 The Council's Overview & Scrutiny Committee and its Audit Panel takes responsibility for audit and risk management issues, reviewing the Council's work in these areas and monitoring the progress and performance of both Internal and External Audit.
 - 5.2.5 The Council's General Purposes Committee together with the General Purposes Employment Appeals and Ethics Sub-Committee have the role of promoting and maintaining high standards of conduct amongst Members and assisting them to observe the Authority's Code of Conduct. The work of the Sub-Committee is supported by the appointment of three Independent Persons and Parish representatives as required by the Localism Act 2011. The General Purposes Committee may receive reports as to the operation of the Code of Conduct. In addition, the General Purposes Employment Appeals and Ethics Sub-Committee will be required to determine complaints which are referred to it by the Monitoring Officer following investigation and direct or recommend any further action required consistent with the Localism Act 2011 and associated regulations.
 - 5.2.6 The Council's Internal Audit team, located within the Finance & Revenues Service, carries out a continuous review of the Council's systems to provide independent assurance that the control environment is effective in achieving the Council's objectives. The team objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Authority's resources. The performance of the Internal Audit team is monitored by the Council's Audit Panel and Section 151 Officer. The Internal Audit Manager presents the Internal Audit Strategy and Annual Audit Plan to the Audit Panel and produces an Annual Report giving an opinion of the adequacy of the Council's systems of internal control.

- 5.3 A self-assessment of the internal audit function's conformance with the Public Sector Internal Audit Standards (PSIAS) was carried out in March 2022. The Public Sector Internal Audit Standards are a mandatory requirement, the objectives of which are to:
- define the nature of internal auditing within the UK public sector, ○ set basic principles for carrying out internal audit in the UK public sector,
 - establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
 - establish the basis for evaluation of Internal Audit performance to drive improvement planning.
- 5.3.1 The self-assessment concluded that the function "generally" conforms to the standards.
- 5.3.2 There is evidence that the work the Internal Audit function has delivered is effective; especially around risk and performance. It contributes to and has influence in the Authority on these areas. It is a highly respected service that is engaged with the organisation and which provides ongoing support in key areas, as well as effective assurance on controls.
- 5.4 The Internal Audit Manager has provided substantial assurance in respect of the Council's risk management, control and governance arrangements. "Substantial Assurance" means that systems in place are generally sound, but some best practice developmental areas have been identified to strengthen the Council's governance arrangements. These form the basis of the action plan appended to this Statement.
- 5.5 As noted throughout this statement, the Council's governance arrangements have been impacted during 2021/22 by the coronavirus pandemic and the need for Response and Recovery Plans to be adapted and implemented. Internal Audit have continued to monitor the governance arrangements relating to this response during 2021/22 and the adoption of impact assessments into business as usual.
- 5.6 The Council has been required to administer business rates, Test and Trace and other Covid-related grants and schemes within extremely short timescales, multiple times during 2021/22. Internal Audit conducted post-assurance reviews to determine eligibility compliance, whether there were any errors or fraudulent claims and if any money is to be recovered from fraudulent or incorrectly administered grants. These audits resulted in a substantial assurance opinion being given.
- 5.7 The Council is regularly audited by the External Auditor (Ernst and Young LLP) who independently examines the Council's accounts and financial systems and who presents an [Annual Audit Report](#) to Members, the latest available covering the financial year 2020/21. This was a positive report with an unqualified opinion on the Council's accounts, system of internal control and arrangements to achieve value for money.

- 5.8 The Covid19 pandemic has continued to have an unprecedented impact on the Council's governance arrangements for 2021/22. These impacts have been evaluated, in line with government guidance and mitigation measures, and developed alongside the Council's strategic partners and Local Resilience Forum.
- 5.9 The date for final publication of the Council's Annual Accounts and Annual Governance Statement is 30th September 2022.

6 Declaration

- 6.1 We have been advised on the implications of this review of the effectiveness of the governance framework and of any significant governance issues. A plan to address weaknesses and ensure continuous improvement of the system is in place as shown in the attached annex.
- 6.2 We propose over the coming year to take steps to address these matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: **Signed:**

Leader of the Council

Chief Executive

Governance Actions for 2022-23

No significant governance issues have been identified. The following are best practice developmental areas to strengthen the Council's governance arrangements

Issue	Action to be Taken	Timescale	Lead Officer
Lessons learned: Learning any relevant lessons arising from high profile local authority governance failures (elsewhere in the country).	To develop in-house training session for senior managers on the lessons to be learnt.	31/03/23	Chief Executive
Member Learning & Development: Developing Member awareness around the key principles of good governance.	The key principles of good governance to be incorporated, as appropriate, into the Member Induction programme for 2023-24.	31/03/23	Head of Legal & Democratic and Democratic Services Manager
	To develop some form of performance information to be provided to Members through its Overview and Scrutiny function.	31/03/23	Head of Strategy & Innovation
Robustness of Council policies: Ensuring Council policies remain aligned to new and alternative ways of working.	Council policies to be reviewed and updated alongside the New Ways of Working programme to ensure they remain fit for purpose.	31/03/23	Head of Strategy & Innovation

Report from Cabinet on 11 May 2022

APPENDIX A

<p>Strength of Audit Systems: Improving clarity between the roles of the Audit Panel and General Purposes Committee.</p>	<p>To consider current arrangements for Audit reporting in the light of the Council's external auditor's recommendation that further clarity is needed between the role of Audit Panel and General Purposes Committee & the recommendation that a separate Audit Committee be established.</p>	<p>31/03/23</p>	<p>Head of Legal & Democratic in consultation with Statutory Officers</p>
<p>Business Continuity Planning: The Council has a well-established approach to Business Continuity Planning which is primarily based on alternative office accommodation for its employees to relocate to. Although the current Business Continuity Plan remains valid the lessons learned from the pandemic and the move to more remote working means the BCP would benefit from review.</p>	<p>The Corporate Business Continuity Plan is being revisited and revised as part of a Corporate project. This to consider the new ways of working introduced in response to the pandemic.</p>	<p>31/03/23</p>	<p>Deputy Chief Executive</p>
	<p>To review and confirm those systems classed as "critical" for BCP purposes and carry out appropriate testing of these systems.</p>	<p>31/03/23</p>	<p>Deputy Chief Executive</p>