

TELFORD & WREKIN COUNCIL**AUDIT COMMITTEE 27th MAY 2021****THE ANNUAL GOVERNANCE STATEMENT 2020/21 & LOCAL CODE OF GOOD GOVERNANCE****JOINT REPORT OF THE CHIEF FINANCIAL OFFICER and THE MONITORING OFFICER****1 SUMMARY OF MAIN PROPOSALS**

- 1.1 For the Audit Committee to review and approve the 2020/21 Annual Governance Statement to accompany the annual accounts and the Local Code of Good Governance.

2 RECOMMENDATION

- 2.1 That members of the Audit Committee approve the Annual Governance Statement 2020/21, attached as Appendix 1 (including Annex 1), and note the information in the report
- 2.2 That members of the Audit Committee approve the Local Code of Good Governance (Appendix 2)

3 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	<i>The Governance Framework encompasses the whole Council and therefore all of the Council's priorities.</i>
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/ DELIVERY DATE	<i>Annual Governance Statement signed and ready to accompany the 2020/21 accounts.</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	No	<p>The governance framework includes several financial elements, including the Council's financial regulations, the budget strategy and the Treasury Management Strategy. These provide the financial parameters, systems, processes and guidelines within which the Council must operate and, as such, assist in the delivery of good governance. Strong financial management also supports the delivery of value for money in ensuring economy, efficiency and effectiveness in the Council's decision making and processes.</p> <p>The Council's external auditors give an opinion on the financial statements of the authority and a value for money conclusion in their opinion on the accounts and in their Annual Audit letter each year which provides further assurance. KC 30/4/21</p>
LEGAL ISSUES	Yes	<i>The Council is required to comply with the requirements of the Audit and Accounts Regulations 2015. Regulation 6 of these Regulations sets out that the authority must undertake a review of the effectiveness of its internal control systems on an annual basis and prepare an annual governance statement. The annual governance statement must be approved in advance of the annual statement of account. AL – 1/5/21</i>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<i>Good governance supports the identification and management of risks and robust control arrangements.</i>
IMPACT ON SPECIFIC WARDS	Yes	<i>Borough-wide impact</i>

4 INFORMATION

- 4.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement and it is best practice that the statement is signed by the Leader and Managing Director of the Council. This statement should accompany the Annual Accounts.
- 4.2 The Annual Governance Statement for 2020/21 is attached at Appendix 1 and has been developed based on the requirements of the regulations and CIPFA/Solace guidance¹. The statement includes an action plan (Annex 1) to ensure that we continue to improve our existing governance arrangements.
- 4.3 The action plan attached to the 2019/20 statement (implemented during 2020/21) has been reviewed and updated to reflect current progress. Any actions still on progress from the 19/20 plan have been incorporated into the 2020/21 action plan, see Annex 1 to this report.
- 4.4 The Annual Governance Statement and the Local Code of Good Governance outlines that the Council has a robust governance framework in place but that it is continually reviewing procedures to maintain and demonstrate good corporate governance. It is supported by risk management and sound systems of internal control which are paramount in these continuing times of financial constraint. The Council can be assured that during 2020/21, including during organisational and personnel changes, that the existing or revised governance arrangements have continued to support proper governance. Where required changes to procedures have been agreed by SMT and changes to the Constitution have been agreed by the Council, through the Council's Constitution Committee.
- 4.5 Assurance for the Annual Governance Statement is provided by all areas of the Council and externally by the following:
- a) Leader and Chief Executive – who sign the statement to acknowledge their responsibilities;
 - b) Senior management – Chief Executive, Executive Directors, Directors;
 - c) Chief Financial Officer;
 - d) The Monitoring Officer;
 - e) Members – Scrutiny arrangements, Standards Committee, Audit Committee and other Regulatory Committees;
 - f) Internal Audit;
 - g) Partners;
 - h) External Audit; and
 - i) Other external inspection agencies.
- 4.6 The 2020/21 Annual Governance Statement sets out adherence to the Council's governance arrangements that operated during the period – 1st April 2020 to 31st March 2021 and measures the effectiveness of them.
- 4.7 The Council's current Local Code of Good Governance was previously approved by the Audit Committee to reflect the CIPFA/SOLACE framework including revised principles and guidance but further application and good practice has been received during the year and the local code has therefore been updated further. The Code continues to reflect the Council's culture and values. See Appendix 2 for a copy of the local code.

5 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

N/A

¹ Delivering Good Governance in Local Government: Framework (2016 Edition)

6 **PREVIOUS MINUTES**

Cabinet – June 2020
Audit Committee - July 2020

7 **BACKGROUND PAPERS**

CIPFA/SOLACE – Delivering Good Governance in Local Government: Framework (2016 Edition)
Annual Audit 2020/21

Report by Rob Montgomery, Audit & Governance Lead Manager 383103



Telford & Wrekin
COUNCIL

Annual Governance Statement

2020/21

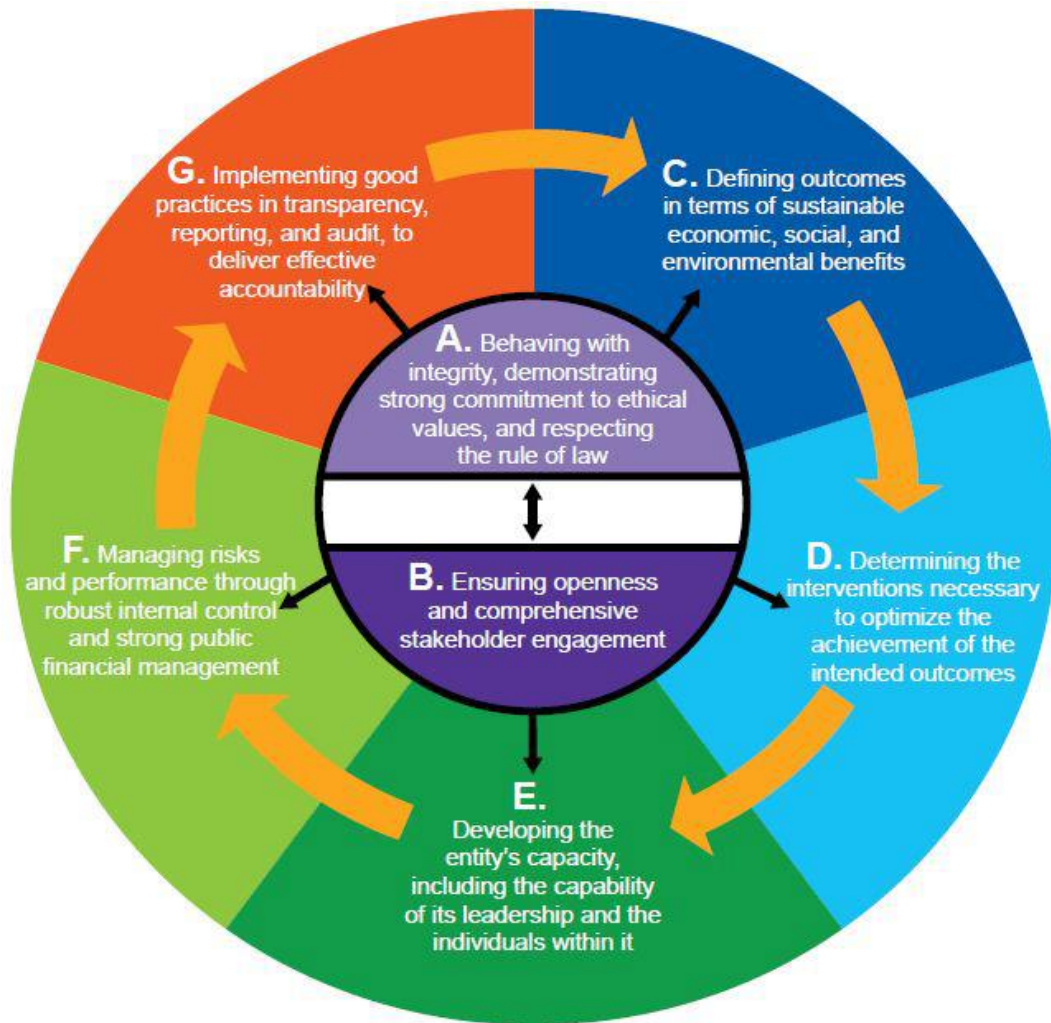


1. Introduction

1.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee.

The Annual Governance Statement outlines that the Council has been adhering to the Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council has adopted the Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government.



CIPFA's Principles of Good Governance

2. Standards of Governance

2.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the employee and Members' Code of Conduct, Constitution, Corporate Vision, Priorities and Vision as well as applicable statutory requirements.

3. Scope of Responsibility

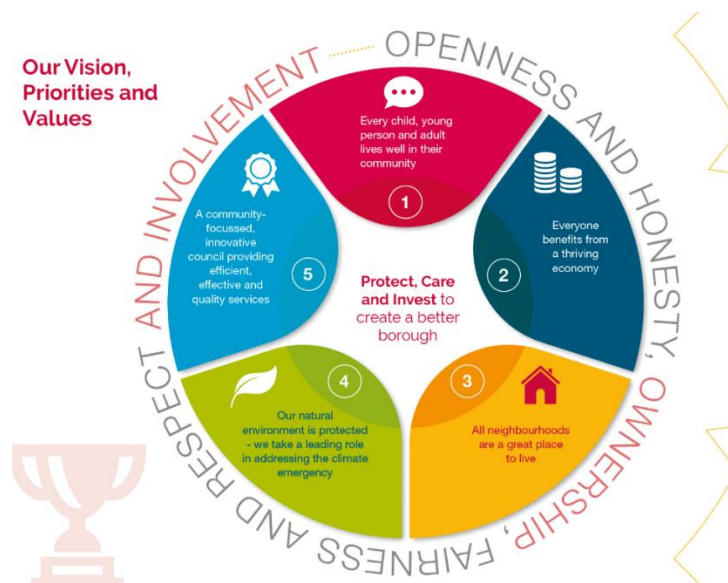
3.1 Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council needs to demonstrate that public money is

safeguarded and properly accounted for and used economically, efficiently and effectively to secure continuous improvement.

3.2 To meet this responsibility, the Council puts in place proper governance arrangements for overseeing what it does including putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations and ensuring the effective exercise of its functions. These arrangements are intended to make sure that the Council does the right things, in the right way, for the right people, in a timely, open and accountable manner. The Council takes into consideration all systems, processes, policies, cultures and values that direct and control the way in which we work and through which we account, engage and lead our communities.

4. The Governance Framework

4.1 The governance framework allows the Council to monitor how they are achieving their strategic aims and ambitions and how this contributes to the delivery of its vision, priorities and values:



4.2 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 priorities 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 appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

5. Review of Effectiveness

5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-



5.2 The Council has faced unprecedented challenge during 2020/21 particularly in respect to the significant effects of the worldwide COVID-19 pandemic. The pandemic has been the single biggest risk to the Councils achievement of its objectives.

The pandemic has meant changes to working practices which have required a greater degree of flexibility and risk based decision making at lower levels in the authority. However changes have been made within the boundaries of good governance which can be evidenced by the following examples:

- Gold/silver corporate groups set up to manage strategic and operational risk;
- Gold/silver groups including key stakeholders and regulatory roles, e.g. Section 151 Officer, Monitoring Officer, etc;
- Audit & Governance support with Business Rate Relief applications and other changes in practice across the Council;
- COVID-19 decision log kept to record decisions made using Chief Officer powers within the Council's Constitution; and
- COVID-19 risk registers maintained both at service area level and at a corporate level

The Council continues to deliver services to its community using new and developing practices in light of COVID-19. Underpinning this is support/instruction from central government and continued risk management from the corporate Gold and Silver Groups.

5.3 The Council recognises the importance of information governance and formalised its Information Governance Framework. The main focus of the Information Governance Team in 2020/21 has been to:

- Ensure the Council's continued compliance with the requirements of the General Data Protection Regulations (GDPR) / Data Protection Act 2018
- Provide advice and guidance in relation to new/revised way of working adopted by Council services

The Information Governance Team has continued to report to the Audit Committee during the year including information on responses to information rights requests and data security breaches. During 2020/21 no enforcement action has been taken by the Information Commissioner's Office (ICO) against the Council in respect to data breaches.

- 5.4 The Chief Executive, Executive Directors, Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1. Additional assurance has been requested for 2020/21 from the Senior Management Team and Service Delivery Managers in respect to controls/risk management measures that have been in place during the year. Internal Audit plan to undertake increased sample testing of completed certificates to provide additional assurance that adequate controls/risk management measures have been operating in 2020/21.
- 5.5 The Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review. The Internal Audit Annual Report 2020/2021 will set out the Internal Audit opinion.
- 5.6 The Council has been advised on the implications of the review of the effectiveness of the governance framework by Cabinet, Standards Committee, Audit Committee, Scrutiny, Senior Managers, Internal Audit and external review. The Chief Internal Auditor concludes that the review of the governance arrangements provides a reasonable level of assurance that these arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

The Chief Internal Auditors opinion has a different basis to previous years given the pandemic and associated dilution of the scope of Internal Audit work in 2020/21. The opinion given is based on what Internal Audit work was conducted, Internal Audit involvement in the Councils COVID-19 response, additional assurance from other elements of the assurance framework and, in part, on the proven track record of the Council being an established well-run local authority.

Internal Audit Work

As stated above, completion of planned Internal Audit work has significantly reduced in 2020/21. This is primarily due to:

- All Council services being asked to contribute to supporting the community in respect to the response to COVID-19 throughout the year.
- Internal Audit officers being nominated to designated COVID-19 related tasks due to their skill set, e.g. business grants, shielding calls, COVID-19 hub, etc.

It should be noted that Internal Audit have not been refused access to any services throughout 2020/21 but clearly the majority of Council services have been fully occupied with providing ongoing services using new delivery methods and/or directly supporting the most needy and vulnerable in the community. During this time Internal Audit have had an ongoing dialogue with managers and have provided guidance and support on new delivery methods put in place as and when required.

Internal Audit have ensured the Chair/Audit Committee have been kept informed of audit resource/work throughout the year.

One of Internal Audits key objectives, as detailed in the Internal Audit Charter is *'To review the effectiveness of the governance, risk management and control processes of the Council to aid improvement, provide a level of assurance and an opinion on them to the Council.'* It is clear in 2020/21 the biggest risk to the Council operations was the COVID-19 pandemic. Internal Audits

focus in the year has therefore been to obtain assurance that COVID-19 associated risks have been adequately managed. Internal Audit have obtained assurance on this by:

- Having access to Senior Management Team papers on the Councils response to COVID-19
- Having regular meetings with the Monitoring Officer who has played a pivotal role in ensuring adequate governance measures are in place
- Attending 'Reset and Recovery' COVID related meetings with the Monitoring Officer, Section 151 Officer and other key stakeholders
- Internal Audit Team involved in the setup and checking of COVID-19 business grants
- Overseeing the risk log for the Gold/silver corporate groups set up to manage strategic and operational risk;
- Having operational input into a number of different delivery models and or models for new service provision, e.g. free school meals, shielding calls, COVID-19 hub, etc.
- Overseeing the certification process related to the AGS and undertaking increased sample checks of certification responses

Looking forward, the Chief Internal Auditor is assured that the scope of planned Internal Audit work will return to expected levels in 2021/22.

Other Sources of Assurance

As stated above, more reliance has been placed on other sources of assurance in 2020/21 with respect to the Chief Internal Auditors opinion. Other sources of assurance have been obtained from in year activity but also by reflecting on past opinions and the basis of these.

Summary in year activity is detailed below:

- Telford & Wrekin Council has a sound track record in respect to how it is run. This is important to note and is reflected in the 2020/21 audit opinion given. General risk management identifies 'likelihood' as a key determinant of the level of risk associated with an action/entity. Given that the Councils track record demonstrates strong governance arrangements and sound financial management, the likelihood of this changing considerably in the space of 12 months is relatively low.
- Additional assurance on how the Council was performing, including governance, in relation to the challenges of COVID-19 was obtained independently from a resident's survey undertaken which detailed that 75% of residents responding to the survey stating they were either very or fairly satisfied with Council support provided during the pandemic.
- Independent assurance was also obtained through the results a peer review undertaken by the Local Government Association (LGA) in relation to how the Council was performing in terms of supporting the community through the pandemic and its leadership and communications. The outcome of the review was extremely positive with the LGA noting:
 - A number of successful initiatives such as free school meals, Operation Guardian (helping shielding residents), pace of the business grant provision
 - The Councils response was *'impressive delivery...both independently and with and through others, and it is making a difference'*
 - Council had *'delivered a huge amount through its communities thanks to its clear leadership and strong work with partners'*.
 - Praised Council's commitment as services start to return to find new approaches rather than defaulting back to pre-pandemic ways of doing things
- The Councils External Auditors have met with the Section 151 officer and Chief Internal Auditor throughout 2020/21 and have also attended Audit Committee meetings. During this time the

External Auditor has not expressed any specific concern on the governance and/or financial arrangements operating within the Council.

- Other examples of assurance obtained in year include:
 - Positive results from the staff survey
 - One of best performing Councils for distributing business grants
 - Recruitment of over 1,000 new volunteers
 - First Council in the country to offer a council tax holiday
 - Legal Services Lexcel accreditation
 - Council committee meetings including the Audit Committee have taken place
 - Health Scrutiny Committee work
 - Business and Finance Scrutiny Committee work
 - Communities Scrutiny Committee work
 - Children and Young People Scrutiny Committee work
 - Environmental Scrutiny Committee work

- As part of the AGS certification process, all services have been asked to highlight additional assurance activity in their areas. Examples of additional assurance activity includes:
 - Adherence to Lexcel risk management requirements
 - Completion of statutory health and safety returns
 - External security penetration testing completed which assesses the security of the Councils IT network
 - Completion of performance development discussions with staff
 - File audits in social care
 - Regular performance, contract and financial monitoring

Assurance obtained by reflecting on the past 3 years includes:

- The Chief Internal Auditors opinion has been that there a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

- The External Auditor has stated that:
 - Final accounts have been produced on time and in line with best practice
 - An unqualified opinion has been given in the financial statements
 - Financial statements comply with statutory requirements
 - Financial statements give a true and fair view of the Councils financial position
 - Proper arrangements are in place for securing economy, efficiency and effectiveness in its use of resources

In the Chief Internal Auditors opinion the above assurance activity reflects that sound governance arrangements are in place as a number of the points above would not have been possible without adequate governance foundations being in place and embedded.

There has been no significant instances of fraud, poor risk management, poor financial management, etc. that would lead the Chief Internal Auditor to believe poor governance practices have been in place.

However, as part of the AGS certification process, there have been areas identified that do require development. Attached as Annex 1 is an agreed action plan to address these areas for development and ensure continuous improvement.

- 5.7 Issues from the previous action plan (2019/20) that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in 2020/21 action plan.
- 5.8 The Senior Management Team has monitored implementation of the 2019/20 actions and reported back to the Audit Committee in January 2021.
- 5.9 Detailed below is a statement explaining how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 and CIPFA Code on the Principles of Good Governance.

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

- 5.10.1 Members and officers, in the main, recognise the importance of compliance with the Constitution, specifically Financial and Contract Rules; Procurement Regulations, Scheme of Delegation, Codes of Conduct and Gifts & Hospitality Policy. However, some improvements are needed in this area and recommendations have been included in the 2020/21 AGS action plan.
- 5.10.2 There is ongoing training, both classroom based and via the on-line learning platform (OLLIE) for Codes of Conduct, Equality Awareness, Leadership & Governance and Contract Procedure Rules/Procurement.
- 5.10.3 The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (Speak Up) Policy, encouraging internal referrals. The Council has a zero tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure the opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Whistleblowing (Speak Up) Policy supports this internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register and/or other intelligence. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on anti-fraud and corruption activities and an update to the Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy is presented to the Audit Committee.
- 5.10.4 Officers comply with their professional organisations' codes of conduct when delivering services.
- 5.10.5 All Internal Audit reviews consist of an ethics questionnaire that is sent to a sample of staff in specific teams to demonstrate their understanding of key corporate policies.
- Ethic questionnaire findings have been shared when discussing individual audits with relevant Service Delivery Managers and Directors and taken to SMT as part of reporting corporate recommendations. Summary findings from the ethics work have been included in the 2020/21 AGS action plan.
- 5.10.6 There are both internal and external reviews in social care to monitor compliance with the law, e.g. the Care Act, Deprivation of Liberties, Safeguarding and the Mental Health Act.
- 5.10.7 Human Resource and recruitment policies and processes ensure the Council is fully compliant with employment law. Annual audits are undertaken in these areas and ongoing checks take place to ensure compliance with IR35 legislation.
- 5.10.8 Senior officers meet regularly and work closely with Members to ensure that they understand and can undertake their respective roles effectively and legally.
- 5.10.9 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet Members receive regular feedback from senior officers in respect to their areas

of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to Cabinet.

5.10.10 Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place, i.e. Head of Paid Service, Data Protection Officer, Section 151 Officer, Monitoring Officer, Director of Children Services, Director of Adult Social Services, Director of Public Health and Scrutiny Officer.

5.11 Ensuring openness and comprehensive stakeholder engagement

5.11.1 The Director – Housing, Employment & Infrastructure is leading the development of a new vision document for the borough that will replace the Council's 'Shaping our Future – Our Journey to 2020' document.

5.11.2 The Council actively contributes to, and collaborates with, partners to promote good governance and achieve the delivery of outcomes through increased joint working. The Council is a member of a number of sub regional partnerships and groups. Many of our services are delivered in partnership with other organisations such as West Mercia Energy, Town and Parish Councils, voluntary groups, etc. Internal Audit reviewed the arrangements for 'Together 4 Children' which is a partnership arrangement with three other local authorities.

5.11.3 Regular meetings take place between Children Safeguarding and key partner agencies such as the police, Telford & Wrekin CCG, Education and Health.

5.11.4 All Council services feed into transparent reporting processes through council committee meetings and this is further supported by the transparency agenda.

5.11.5 Annually the public is consulted on the budget for the forthcoming year.

5.11.6 There is regular engagement between Public Health, Telford & Wrekin Clinical Commissioning Group (CCG) and Social Care for the future provision of services.

5.11.7 The Scrutiny provision has looked at the development of policy, the decision-making process and areas of concern. The subject areas for review will be informed by community engagement, direct feedback to members from within the community, the results of review and inspection (both external and internal) and areas of policy being developed by the Council.

5.11.8 The Council undertook a residents' survey in 2020/21.

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

5.12.1 The Council Plan was refreshed in the autumn 2020. The plan identifies 5 priorities to deliver the Council's organisational vision to 'Protect, Care and Invest to Create a Better Borough'. The Council continues to develop commercial projects to generate income to invest in front line services to mitigate the impact of Government cuts and uncertainty over Government funding.

5.12.2 Digital transformation and changes in the way we work are intrinsic to the Council's service delivery model.

5.12.3 The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the borough up to 2031 and a review of the Local Plan has commenced to ensure that it remains capable of meeting the needs of the borough.

5.12.4 All service areas have their own service plans which details how they intend to deliver their service for the coming year and the risks they face. These plans encompass identifying risks to service objectives being met.

- 5.12.5 The Council has a commercial strategy / investment strategy that demonstrates clear visions, objectives and outcomes. This includes financial, economic, social and environmental issues.
- 5.12.6 The Councils economic growth strategy supports and drives increased economic productivity.
- 5.12.7 The financial strategy sets out the short and long-term implications for service delivery across the Council. The Service & Financial Planning reports include various papers to Cabinet regarding the budget and sets out short/ medium and long-term implications, including the capital strategy and saving strategy.
- 5.12.8 Adult Social Services, in respect of financial management and the implementation of the cost improvement plan, have continued to provide updates during the year to SMT and Members.
- 5.12.9 All Council reports to Members show relevant financial implications and risk.
- 5.12.10 Implementation of the ICT Strategy has continued, including infrastructure upgrades, the ongoing roll-out of Office 365 and further security improvements particularly in response to spam, phishing/whaling and ransomware threats. Some implementation such as the facilitation of employees working from home has been accelerated due to COVID-19.

5.13 Determining the interventions necessary to optimise the achievement of the intended outcome.

- 5.13.1 The 2020/21 Service & Financial Strategy including the Treasury Management Plan are aligned to the refreshed Council Plan – setting out how our financial resources will deliver the Council vision and priorities.
- 5.13.2 Budget plans are produced for all service areas for planning purposes. Budget consultation is undertaken annually with Council Members and members of the public.

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

- 5.14.1 The Workforce Strategy is being reviewed and is due for approval in May/June 2021. This will reflect a revitalised emphasis on inclusion and diversity. The new strategy is informed by the Employee Survey which was completed in 2020.
- 5.14.2 Officers understand their respective roles and these are set out in job descriptions. The Constitution, Scheme of Delegation and Contract Procedure Rules clearly shows roles and responsibilities, specifically with regard to delegation and authorisation.
- 5.14.3 There are various training methods available to staff such as mentoring, Ollie (On-line learning platform) and classroom based. Work is ongoing in designing a new Management & Leadership programme for the organisation (SMT, SDM's and Team Leaders) to be rolled in July 2021. However, the ethics questionnaire issued by audit highlighted that some staff did not feel supported or developed in their roles. The results also highlighted that some staff felt that training and awareness could be developed further.
- 5.14.4 Other support includes CPD sessions, team meetings and ongoing 1:2:1s, however results of the ethics questionnaires have demonstrated that some staff still do not have regular 1:2:1 supervision meetings.
- 5.14.5 Members receive an induction session and annual training with regard to the Treasury Management Strategy and other training relevant to their position. All Members and staff have had the opportunity to undertake training on General Data Protection Regulations (GDPR) / Data Protection Act (DPA) 2018 legislation. There is also online training available to all staff on GDPR/DPA 18 Requirements.

5.14.6 The action plan at Annex 1 to Appendix 1 of this statement detail issues highlighted from the results of the annual governance certification process

5.15 The Council continues to manage risks and performance through robust internal control and strong public financial management.

5.15.1 Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. Our approach to managing risk is explained in our Risk Management Strategy. The Strategic Risk Register is reviewed by SMT and considered by Audit Committee annually.

5.15.2 The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking intelligence, comments from Senior Management and their opinion of the current state of the governance risk and internal control arrangements.

5.15.3 During 2020/21 the Internal Audit team achieved 32% of their planned work and this has been used, in part, with the relevant output from unplanned work to help form their opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework. Internal Audit output is significantly lower than previous years and this is due to a number of factors relating to the COVID-19 pandemic. See paragraph 5.6 for more information.

All recommendations made in audit reports show a risk category which is used to inform the overall grading of the report.

5.15.4 The Chief Internal Auditor has undertaken checks on the work of Internal Audit as part of the Quality Assurance Improvement Program. A small number of minor issues have been identified through these checks and have been fed back to the Internal Audit Team to assist in their continuous improvement.

5.15.5 Internal Audit report to the Audit Committee 4 times a year. The Audit Committee has asked for additional information during the year to provide assurance on the management of risks and implementation of recommendations. The Audit Committee have also approved the Internal Audit Charter for 2020/21.

5.15.6 Large projects include the maintenance of a project risk register; this is an ongoing working document that is amended throughout the project. Where personal data is processed, projects also include the completion of Data Protection Impact Assessments.

5.15.7 The Council has adopted the CIPFA code of practice for managing the risk of fraud and corruption and this has been reflected in our updated Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy.

5.15.8 Services report regularly to Council committees such as Audit Committee, Planning, Licensing, Cabinet etc. These reports detail any impact assessment, including risk and opportunity. Financial decisions are reported to Cabinet, full Council and Audit Committee, who often challenge to ensure appropriate financial management and to demonstrate transparency.

5.15.9 Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available. Financial roles and responsibilities are clearly shown in the Financial Regulations and it provides a framework for financial decision-making.

5.15.10 The Treasury Management Strategy and regular updates on treasury matters are provided to Audit Committee. This information clearly show investments, loans, and the financial position of the Council.

5.15.11 The Council's financial strategy identifies the short term budget plan and long term aspirational plan linked to the corporate plan to be a self-sustaining council.

5.15.12 The Council's final accounts continue to be produced on time and in line with best practice and our External Auditor's Report for 2020/21 included:

"Value for Money conclusion - Based on the work we performed to address the significant risk we identified, we are satisfied that the Council has proper arrangements for securing economy, efficiency, and effectiveness in its use of resources"

An unqualified audit opinion was, once again, received by the Council in respect of 2019/20.

5.15.13 The Council has continued to make savings in light of ongoing financial pressures. £126.4m of ongoing savings had been delivered by the end of 2020/21 with a further £5.9m to be delivered by the end of 2021/22. Forecasts of the level of savings that will be required from April 2022 onwards are very difficult to make in the absence of any Government control totals pending the CSR scheduled to take place during 2021 and potential significant changes to be made to the local government finance system. However, best current estimates are that further savings of c.£11m may be required by the end of 2023/24.

5.16 Implement good practices in transparency, reporting and audit to deliver effective accountability

5.16.1 As a public body we endeavour to be open and transparent in our activities and reporting. Council and committee agendas, reports and minutes are published on our corporate website to demonstrate decisions made. The Council undertake public consultation on areas such as the budget and selective licensing. We publish expenditure over £100 on our website, as part of the transparency agenda.

5.16.2 The Audit Committee has responsibility for internal and external audit matters, the Council's arrangements for Corporate Governance and risk management.

5.16.3 The Audit Committee terms of reference also incorporate the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy and during the year were provided with an update on these matters by Arlingclose the Council's Treasury Management advisors.

5.16.4 There are various committees, all with their own terms of reference and areas of responsibility, i.e. Licensing Committee, Planning Committee, and there are elected members who are responsible for service areas within the Council.

5.16.5 Arrangements are in place to ensure Internal Audit fully complies with the Public Sector Internal Audit Standards (PSIAS). A self-assessment of the Internal Audit function against the requirements of the PSIAS was undertaken in 2020/21. The results demonstrated that Internal Audit were compliant with the PSIAS and this was reported to the Audit Committee.

5.16.6 The Internal Audit plan is developed using a risk-based approach taking into consideration the Strategic Risk Register, Service Plans and other audit intelligence. Audit recommendations made are communicated to relevant Service Delivery Managers and relevant Senior Management representatives for consideration and implementation of recommendations. Internal Audit will share best practice in the duty of their work. The Audit plan is reviewed regularly to ensure it is still relevant and any changes made are reported to the Audit Committee.

5.16.7 The Council's Communication Team works with Officers and Members to ensure key messages are in plain English and in consistent format.

5.16.8 The Council's performance management framework is monitored by the Senior Management Team and has procedures in place that drive continuous improvement in performance.

5.16.9 The Council has identified lessons learnt from corporate complaints and complaints made to the Local Government Ombudsman and implemented measures accordingly.

	Signed	Dated
David Sidaway Chief Executive		
Cllr Shaun Davies Leader of the Council		
Cllr Nathan England Chair of Audit Committee		

AGS ACTION PLAN FOR 2020/21 FOR IMPLEMENTATION DURING 2021/22

No	Findings	Actions	Lead Officers	Additional comments
1.	<p>Ongoing savings proposals and continued strategic management of organisational changes to continue particularly in light of COVID19.</p> <p><i>Re-iterated from 19/20 AGS</i></p>	<p>Continued management/reduced budgets, revised structures and commercial/ business approach which links to the continued development and implementation of revised governance framework.</p> <p>Financial impact of COVID19 under review.</p> <p>Further consultations on future savings where necessary.</p>	<ul style="list-style-type: none"> • Chief Executive • SMT 	
2.	<p>All internal audits consist of an ethics questionnaire that is sent to a sample of staff in the team/areas being audited to demonstrate their understanding of corporate policies and whether staff feel supported.</p> <p>Of those questioned, a very high proportion of staff felt that training provided was of an appropriate level. Work continues, however, to ensure that staff training and awareness is developed further we need and to ensure consistency throughout the organisation.</p>	<p>Induction process to be reviewed and re-publicised.</p> <p>Further guidance for managers in respect to completion of regular 121's, supervision and team briefs.</p> <p>Development of service strategies underpinned by team plans which link to the Councils priorities. This link to the APPD process creating the organisational golden thread</p> <p>Policy & Development updating new management and leadership programme.</p>	<ul style="list-style-type: none"> • SMT/SDM • Policy & Development Manager 	

No	Findings	Actions	Lead Officers	Additional comments
	<p>It should be noted that these areas of improvement have been affected by the COVID pandemic.</p> <p>These findings have been shared when discussing individual audit reports with relevant managers and taken to SMT as part of reporting corporate recommendations.</p> <p><i>Re-iterated from 19/20 AGS</i></p>			
3.	<p>Responses from completed Internal Audit ethics questionnaires sent out indicated that a high majority of those contacted were aware of corporate policies. Again, work continued to develop consistent awareness of corporate policies throughout the employee base.</p> <p><i>Re-iterated from 19/20 AGS</i></p>	<p>Governance reminders sent to staff.</p> <p>Training and further publicity given on whistleblowing with new methods of reporting made available.</p> <p>Reminders on Gifts & Hospitality will be sent to staff and further reminders given leading up to Christmas.</p>	<ul style="list-style-type: none"> • SMT/SDM • Policy & Development Manager • Audit & Governance Lead Manager 	
4.	<p>The results of the annual governance certification process highlighted that in some service areas there were reductions in appropriate skilled staff numbers. Difficulties in recruiting have resulted in single points of failure or the use of agency staff.</p>	<p>Number of initiatives in place including service and workforce planning, apprenticeship scheme, Kickstart programme, etc.</p> <p>Policy & Development updating new management and leadership programme.</p>	<ul style="list-style-type: none"> • Chief Executive • Director of Finance & Human Resources • Policy & Development Manager 	

No	Findings	Actions	Lead Officers	Additional comments
	<p>Service Delivery Managers are aware of these issues and where possible are putting measures in place to try and mitigate this.</p> <p><i>Re-iterated from 19/20 AGS</i></p>	<p>Additional recruiting measures being used via social media platforms.</p>		
5.	<p>The results of the annual governance certification process has highlighted that service areas have experienced data breaches and potential near misses in respect to personal data.</p> <p>Where data breaches have been experienced, these have been reported to the Information Governance Team and managers have changed processes and procedures, where possible, based on lessons learned to prevent similar breaches occurring.</p> <p>It should be noted that the Information Commissioners Office has not taken any action against the Council during this time.</p> <p><i>Re-iterated from 19/20 AGS</i></p>	<p>Information Governance to:</p> <ul style="list-style-type: none"> • To ensure lessons are learnt after each breach and suggested improvements communicated corporately where applicable. • Audit & Governance to review current training materials. • The Information Security Breach Procedure has been updated and is available on the Councils intranet. This has been publicised to all staff. • A new reporting tool has been developed that allows staff to report breaches using a computerised template. The template includes a field for lessons learnt which is a mandatory field. • Breaches are reported to the individual Director as and when they occur • Breaches are reported to Senior Management Team meetings on a regular basis 	<ul style="list-style-type: none"> • SIRO/SMT • SDM's • Audit & Governance Lead Manager 	

Delivering Good Governance in Telford & Wrekin Council Local Code of Good Governance 2021/22

Definition:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

In order for the Members and Employees² of Telford & Wrekin to deliver good governance whilst working to achieve the Council's objectives they must **act in the public interest at all times.**

Public Interest Principles

- Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values (including the Council's values³), and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement (including with individual citizens, service users and institutional stakeholders)

- Achieving good governance also requires a commitment to and effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining and planning the actions necessary to optimise the achievement of the intended outcomes
- E. Developing the Council's capacity, including the capability of its leaders and the individuals within it. This includes ensuring effective relationships and a clear understanding of the roles and responsibilities of Member and officers.
- F. Managing risks, performance and data through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and assurance (including audit) to deliver effective accountability.

Annex 1 of this document details the framework in place to deliver good governance.

Monitoring and Review

This Local Code of Good Governance is subject to regular review including assessing the effectiveness of the processes contained within the Code.

The results of this review are reported as part of the Council's Annual Governance Statement.

The table below explains how the Council meets the core principles, systems, policies and procedures it has in place to support this.

² Employees include partners, joint arrangements and volunteers.

³ Fairness & Respect – Ownership - Openness & Honesty - Involvement

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

- Member and Officer Codes of Conduct underpin the standards of behaviour expected by members and officers
- Designated statutory officers in place – Head of Paid Service (Chief Executive), Chief Financial Officer (Finance & Human Resources Director), Monitoring Officer (Policy & Governance Associate Director), Director of Children’s Services (Children’s Safeguarding & Family Support Director), Director of Adult Services (Adult Social Care Director) and Director of Public Health (Health, Well-Being & Commissioning Director)
- The Constitution (which includes the scheme of delegations, financial regulations and contract standing orders), Forward Plan and decision making processes
- A Legal Services team to ensure that the Council operates within existing legislation and is aware of and acts upon proposed changes to legislation
- The Standards Committee, Audit Committee, scrutiny function and other regulatory committees
- Anti-Fraud and Corruption, Speak Up and Prosecution policies support the Council’s governance processes and anti-fraud and corruption culture
- The democratic decision making and accountability processes contained within the Constitution
- The development of internal controls and checks within new systems and when existing systems are reviewed
- The Council’s financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)
- Clear governance arrangements to manage the Council’s change programmes and restructuring occurring across the Council and key capital projects
- The Adults and Children’s Safeguarding Boards and their associated accountability with an independent Chair

Core Principle B: Ensuring openness and comprehensive stakeholder engagement (including with individual citizens, service users and institutional stakeholders)

- Adoption of an Information Rights Policy that details how information requests will be handled
- Adoption of a Data Protection Policy and Privacy Notice which details how the Council processes personal data
- The Council’s Information Governance arrangements include a Caldicott Guardian and an Information Governance Framework sponsored by a designated Senior Information Risk Owner (SIRO), data and information security and sharing policies and procedures. There is also a comprehensive training and awareness programme
- The Director – Housing, Employment & Infrastructure is leading the development of a new vision document for the borough
- Standard format for all agenda, reports and minutes for Council/committee meetings that are posted on to the Council’s website.
- The Council’s Medium Term Plan which outlines the Council’s ambitions and priorities based on stakeholder feedback and these inform the service and financial planning process and personal targets
- Council Vision, Priorities and values
- Council website provides help to residents to understand the Council’s vision, priorities and values and to access services
- Local consultation has taken place using specific consultation and engagement activity for services and service areas
- Customer satisfaction survey undertaken
- The Council’s communication, consultation and engagement strategies ensure that the local community knows what the Council is doing, receives feedback from them including the identification of their needs for incorporation into the Council’s vision, priorities and values

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Comprehensive budget strategy and management of the associated risks of reduced resources provides robust financial management and regular reporting to members;
- A process for the completion and approval of business cases for use of the Capacity fund, Invest to Save fund and use of consultants
- The Performance management framework and data quality systems. These provide reports to SMT and Cabinet
- Projects are managed, as appropriate, within the principles of good practice. This includes risk identification and management
- The Council has an Environmental Policy highlighting its commitment to sustainable environment. It also has a Sustainable Procurement Policy
- A Social Value Policy Charter is in place that is designed to assist commissioners and procurers to maximise opportunities to improve the social, economic and environment condition of our local area through effective commissioning and procurement.

Core Principle D: Determining and planning the actions necessary to optimise the achievement of the intended outcomes

- A standardised format of decision making reports is used to ensure that all relevant information is considered. Options are clearly defined and analysed to ensure decisions are based on the best possible information.
- The Commissioning Strategy is applied to ensure clear alignment to need
- There is a clear reporting mechanism for performance information which is presented alongside the financial information for the corresponding period.
- The Council's performance framework links directly to the Council's outcomes. Performance is reported regularly to members.
- The annual budget is prepared in line with agreed priorities. The Council publishes its Financial Strategy annually to set an indicative three year financial plan to fit the longer term strategic vision as well as a detailed one year budget. This is intended to include realistic estimates of revenue and capital expenditure.
- Resources to assist commissioners and procurers to demonstrate the range and amount of social value generated or the financial value to society as a result of the social value they generate.

Core Principle E: Developing the Council's capacity, including the capability of its leaders and the individuals within it. This includes ensuring effective relationships and a clear understanding of the roles and responsibilities of Member and officers

- The Council's Human Resources function and workforce /organisational development procedures⁴ are supported by clear recruitment processes. These are followed up by on-line induction training (which includes information on the constitution, key policies, procedures, laws and regulations appropriate to the post and experience of the post holder) and on-going training and development;
- A Member development programme to ensure members are properly equipped and have the capacity to fulfil their roles;

⁴ Further development work has continued on these to reflect Organisational Development, the Councils priority of Business Supporting, Business Winning Council and increased Commercial activities.

- Governance awareness and training for members within their member development programme and for officers through induction, Ollie and Staff news (updates/reminders on any revised governance arrangements, including information governance).
- Management development programme
- Use of Learning Pool as an online learning and training tool that allows courses to be tailored to Council and individual needs
- A Scheme of Delegation that is reviewed annually in light of legal and organisational changes.
- A Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules.
- Members are updated on legal and policy changes etc. as required.
- Induction programmes for all members and employees.
- Essential learning for employees is identified and made available
- Staff are annually appraised which includes the identification of training and development needs and drawing up of training action plans to address these
- Apprenticeship Programme in place offering training, skills and experience in Local government.
- Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.
- A coaching and mentoring scheme is in place to build a pool of people who are skilled in facilitating personal development tools and to develop internal coaching capacity. This network provides group and individual personal development and coaching support to help people
- Corporate wide employee survey
- Cabinet Member for Finance & Governance is the lead members responsible for Corporate Governance including Risk Management. The key officer for Corporate Governance including risk management is the Chief Executive. The service and financial planning process incorporates risk management and strategic risks are reviewed by SMT and agreed by the Cabinet

Core Principle F: Managing risks, performance and data through robust internal control and strong public financial management

- Risk management arrangements that are embedded across all service areas as part of the service planning process and help inform decision making.
- The Senior Management Team, regularly reviews the strategic risk register, and seeks assurances that it is kept up to date and actions to mitigate risks are implemented.
- Operational risks are reviewed by risk owners on a periodic basis.
- Council strategic risks have been identified and a member of the Senior Management Team assigned as the risk owner for each risk.
- The Council has scrutiny committees which operate under clear terms of reference and rules of procedures laid down in the Constitution. Scrutiny Committee chairs and members have clearly laid down accountabilities in the Constitution. Members may not participate in the scrutiny of decisions they were involved in.
- There is a standardised format for all committee reports which includes background to the report, any recommendations that decisions need to be made upon together with reasons behind those recommendations.
- Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.
- Contract Procedure Rules and Financial Regulations set out the Council's arrangements and ensure that processes continue to operate consistently.
- Internal audit operates to the Public Sector Internal Audit Standards and on a risk basis reviews the Council's systems and processes set out to achieve the Council's priorities in order to provide an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

- The Council has processes and documents to support governance and reporting arrangements for partnerships; issues, risk management framework, internal control environment, financial reporting and Treasury Management.
- The Council's Treasury Management Strategy and arrangements conform to CIPFA and External Audit guidance and is monitored by the Audit Committee
- An annual report is produced by Internal Audit which provides an opinion on the Council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards.
- Anti-Fraud and Corruption Policy which is subject to regular review and is approved by the Audit Committee.
- Annual fraud reports are provided to the Audit Committee detailing anti-fraud activity in the year.
- An Annual Governance Statement (AGS) that is subject to review by the Audit Committee.
- Training is provided to Audit Committee members on areas relevant to their role.
- There are frameworks in place in relation to child and adult safeguarding.
- The Council has an Information Governance team committed to ensuring the principles of Data Protection, Freedom of Information and Transparency are followed.
- Information governance and security awareness including individual responsibilities and good practice is raised and embedded with officers and elected members through information governance training.
- The Council's Information Governance Strategy provides guidance on the arrangements that must be in place to ensure personal data is kept protected and secure.
- Effective information sharing is undertaken in accordance with the Data Protection Act and the Council's Data Protection Policy and Information Sharing Policy.
- Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council's overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc.
- Data verification and validation processes are integrated within systems and processes.
- An audited and signed Statement of Accounts is published on an annual basis containing:
 - A statement of responsibilities for the Statement of Accounts.
 - A statement of the Council's accounting policies.
- An Annual Governance Statement signed by the Leader of the Council and the Chief Executive Officer/Head of Paid Service.
- Financial procedures are documented in the Financial Regulations.
- A Financial Strategy in place.
- The financial position is reported on a regular basis to Cabinet.
- SMT meets weekly with regular management meetings with Service Delivery Managers and Group Managers/Team Leaders;

Core Principle G: Implementing good practices in transparency, reporting, and assurance (including audit) to deliver effective accountability

- Agendas, reports and minutes are published on the Council's website.
- Adoption of a style guide document that outlines how to communicate more effectively and to ensure communications are consistent and clear.
- Adoption of the National Transparency Code.
- The Cabinet is the Council's key decision making body and makes decisions within the policy framework approved by Full Council. It is made up of the Leader, who is elected by the Council, and up to nine members. When key decisions are to be discussed or made, these are published in the Cabinet forward plan in so far as they can be anticipated. If these key decisions are to be discussed with Council officers at a meeting of the Cabinet, this will be open for the public to attend except where personal or confidential matters are being discussed. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to

make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide

- Annual Financial Statements are compiled, published to timetable and included on the Council's website.
- An annual report from each of the scrutiny committees is presented to Council alongside reports from the portfolio holders; the scrutiny reports detail the past work of the Committees, the present work and the plans for the future.
- Completion of an Annual Governance Statement (AGS).
- A Business Plan and Financial Strategy setting out the Council's mission and priorities.
- The AGS sets out the Council's governance framework and the results of the annual review of the effectiveness of the Council's arrangements. The AGS includes areas for improvement.
- An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council's internal control arrangements.
- External Audit provides an annual opinion on the Council's financial statements and arrangements for securing Value for Money.
- The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies.

Local Good Governance Framework - 2021

Integrity,
ethics and
values

Audit Committee	Codes of Conduct
Statutory officer roles	Anti-Fraud & Corruption Policy/Report
Constitution	Complaints process
Decision making process	Open data & Transparency Code
Financial Rules	Whistleblowing Policy
Register of Interests	Gifts and Hospitality Policy

Openness
and
engagement

Information Rights policy	Open data
Members role	Complaints Policy/annual report
AGS statement and final accounts	Public consultations
Committee meetings streamed	Customer survey
Council website	Whistleblowing Policy
Transparency Code	Committee papers published

Defining
outcomes

Decision making process	Committee reports
Performance framework	Procurement Strategy
Social Value Policy	Committee structure
Service plans	Sustainability Policy
Service and financial planning process	Environmental Policy
Commissioning Policy	Council Plan

Determine
interventions

Engagement with stakeholders	Corporate Risk Register
AGS/AGS Action Plan	Council Plan
Decision making process	Complaints process
Role of members	Budget Strategy
Financial Strategy	Whistleblowing Policy
Service Plans	Forward Plan


Council
capacity

Member Development	Induction programme
APPD process	CPD
Recruitment and selection	Health and wellbeing
Online learning	Employee survey
Peer reviews	Employee assist programme
Management development	Designated essential learning



Risk and performance

Performance framework APPD process Strategic risk register Service planning External audit of accounts Peer reviews	External inspection Internal audit AGS Service and financial planning Committee framework Constitution
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Transparency and audit

Audit Committee Internal audit function External audit Scrutiny Open data Annual accounts	Council website Transparency Code Complaints annual report Information rights policy AGS Member role
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