

ANNEX 1

REPORT OF THE CORPORATE GOVERNANCE WORKING GROUP

THE ANNUAL REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK, INCLUDING THE SYSTEM OF INTERNAL CONTROL – 2019/2020

INTRODUCTION AND CONTEXT

Appendix 1 has been drafted in response to the need to formally define the Framework leading to the production of the Annual Governance Statement (AGS).

Appendix 2 details the assurance gathering process used to prepare the AGS.

Appendix 2a details an example of a Controls Assurance Statement

Appendix 3 details the extent to which the various sources of assurance contribute to the mitigation of risk.

Good practice suggests that a review of the effectiveness of the Governance Framework should be undertaken prior to producing the AGS

WORKING PAPERS

The review has been undertaken following consideration of a number of Supporting Papers:

- Annual Review of the Code of Corporate Governance (Supporting Paper 1)
- Progress against significant control issues contained within the 2018/19 AGS (Supporting Paper 2)
- Annual Audit Letter 2018/19 (Supporting Paper 3)
- Internal Audit Outturn Report 2019/20 and Performance against the UK Public Sector Internal Audit Standards (Supporting Paper 4)
- Other Sources of Assurance – Statutory Officers (Supporting Paper 5)
- Other Sources of Assurance - Miscellaneous (Supporting Paper 6)

OVERALL CONCLUSION

It is considered that all required components to demonstrate good governance are in place as are appropriate action plans. Sources of assurance have been clearly defined and are varied. A number of recommendations have been identified and have been incorporated into the action plan to be addressed in 2020/21.

SUPPORTING PAPER 1

ANNUAL REVIEW OF THE CODE OF CORPORATE GOVERNANCE

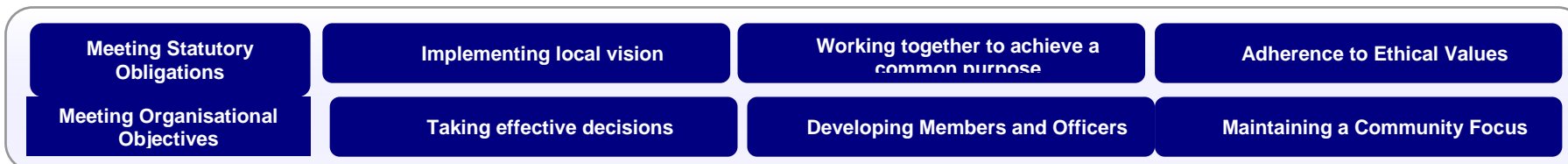
The annual review of corporate governance was been undertaken in accordance with the CIPFA / SOLACE document entitled “Delivering Good Governance in Local Government: Framework 2016”. Following an evaluation of the requirements within the updated framework a revised Code of Corporate Governance was presented to the Audit & Standards Committee at their meeting of 30th July 2019 which included a detailed action plan. Progress against the action plan has been reviewed during 2019/20 and an updated Code of Corporate Governance and subsequent action plan has been reported to the Audit & Standards Committee on 30th July 2020.

Attachments

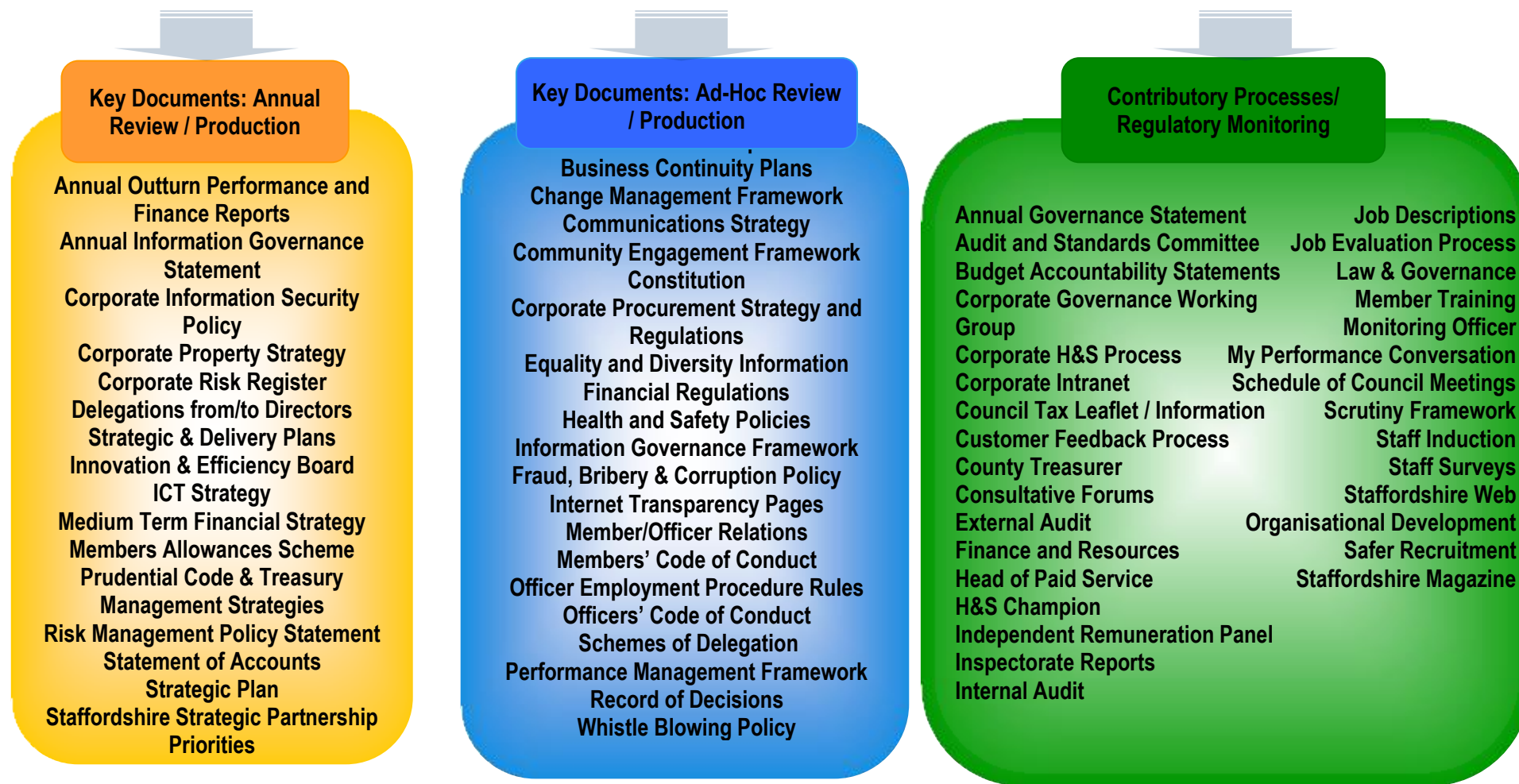
Single Sheet Local Framework

Code of Corporate Governance Action Plan 2019/20 - Progress Extract

Staffordshire County Council Corporate Governance Framework Principles, Statutory Obligations and Organisational Objectives



Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities



CODE OF CORPORATE GOVERNANCE ACTION PLAN 2019/20- Updated for Progress

Action Point	SLT Lead	Progress
A Refresh of the Code of Conduct for Members in line with the March 2019 report to Audit & Standards Committee	31st March 2020 Head of Law and Democracy	This has been completed.
To continue to complete and embed the recommendations made in the 2018 Gifts and Hospitality audit report which include the declarations of interest	31 st August 2019 Head of Law and Democracy	A new form has been designed together with a revised format for the register of declarations of interest.
To implement the Peer review recommendation regarding strategic engagement and visioning with Partner Organisations	31 st March 2020 Head of Strategy/SLT/CEO	<p>Network Staffordshire have been developing its 'Vision for Staffordshire' by considering what partners need to work on together in order to be more aspirational for the people of Staffordshire. Three strategic, place-based priorities have been identified:</p> <ul style="list-style-type: none"> • Place Branding – commissioning a new 'place brand' for Staffordshire and a 3-year programme of communications, marketing and media to enhance Staffordshire's brand with government, business and other stakeholders. • 5G – The Staffordshire and Stoke-on-Trent LEP and Staffordshire University are leading work to explore how to bring a full fibre and 5G network to the County at pace with a view to securing a growth deal from Government. • Data Institute – based on the work done by Staffordshire Police with KPMG to develop a proof concept for an 'Office for Data Analytics' the County and Keele University are leading the implementation phase.
To complete the work that has commenced with Social Enterprise UK to develop a proposal and a draft policy.	revised to September 2019.	A draft Social Value framework has been produced. This will be discussed at the People

	Head of Commercial Services	helping People Board. Two external social value assessment tools are now being considered for adoption.
To ensure ongoing greater visibility and ownership of the Corporate Risk Register, together with regular monitoring and updating of individual risk areas.	Ongoing Director of Corporate Services	Ongoing – currently considering digital risk register options which will facilitate the risk owners being able to identify, record and monitor risks relating to their specific areas on a regular basis.
To complete the update exercise of the current Schemes of Delegation to ensure that they are fit for purpose in light of revised organisational requirements.	December 2019. Director of Corporate Services	Ongoing – the Director of Corporate Services and County Solicitor are updating these at present. This is a key strand of the Governance Review led by the County Solicitor.
To complete the review of the MPC which is a year 1 priority in the People Strategy	31 March 2020 Head of HR/OD	A review of MPC has been completed and reported to SLT including options on a replacement. The alternative – ‘imanager’ is currently being rolled out to staff through a series of online training sessions.
To review the current HR policies in operation to ensure that they reflect the needs of the business	First tranche to be completed by 31 March 2020. Head of HR/OD	A review of the HR policies has commenced, and a prioritised work plan agreed. Slightly behind schedule due to capacity; although additional capacity has now been secured.
To refresh the risk management policy and strategy	July 2019. Head of Audit & Financial Services	Ongoing. – will need to reflect any updated arrangements proposed by the potential digital solution.

SUPPORTING PAPER 2

PROGRESS AGAINST SIGNIFICANT CONTROL ISSUES CONTAINED WITHIN THE 2018/19 AGS

It is a role of the Corporate Governance Working Group to ensure that action plans for those significant internal control issues reported in the AGS are both defined and implemented.

Review Reference	Key Action	SLT Lead Officer	Progress as at March 2020
Annual Governance Statement 1	To continue to work with the various NHS bodies as part of the Sustainability and Transformation Plan in order to improve the health and care provision within Staffordshire.	Director of Health and Care	Work has progressed in these areas. This has also been further developed by the working arrangements between the Council and the NHS are part of the COVID 19 response. (carried forward as AGS 5)
Annual Governance Statement 2	A detailed action plan has been prepared in order to address the significant areas of weakness identified as part of the joint Ofsted and CQC inspection of the SEND service. Appropriate governance arrangements to be adopted to ensure appropriate action is taken to implement the recommendations made to address the concerns raised by the review.	Director of Families and Communities	The Family Strategic Partnership Board has been added to the governance arrangements and holds the SEND partnership board to account to delivery. The WSOA recommendations are all progressing although the sheer volume of applications for assessments for EHCPs means that the service is constantly experiencing massive pressure and hampering performance improvement. Short-term measures to assist with capacity and process have been implemented but will take some time to impact. The roll out of the district hub model is landing well with schools and partners although CCG engagement is a consistent issue across all areas of vulnerable children. (Carried forward as AGS 1)

Annual Governance Statement 3	To continue to undertake transformational change in order to address the significant financial pressures facing the Council, whilst meeting statutory requirements.	Director of Corporate Services and County Treasurer	Significant Transformation continues, including: <ul style="list-style-type: none"> • A Corporate Services Directorate has been created and significant savings have been made throughout Corporate Services. • The Council has instigated a change programme in Children's Services which involve an £8m+ investment and aims to reduce Looked after Children numbers by a third over 5 years.(carried forward as AGS 3)
Annual Governance Statement 4	To complete the transformation of Children's Services through the place based and community model to better manage demand within the Children's system.	Director of Families and Communities	The go-live date for the new model is April 2021. A proposed district integrated and whole system model has been discussed with senior leaders of the function and will be further refined over the spring/summer of 2020. The restorative practice model training has been delivered to 800+ staff and the training will continue during 2020. (carried forward as AGS 4)
Annual Governance Statement 5	To ensure that the Council has sufficient capacity and capability to deliver transformational change as well as securely delivering on business as usual processes against the backdrop of ensuring a balanced Medium-Term Financial Strategy.	Chief Executive and Senior Leadership Team	Capacity and Capability is closely monitored. Through the reporting process to SLT and Cabinet, the council makes sure that the right capacity and capability are available, and that they are used in the right place at the right time to deliver transformational change. (to closely monitor moving forward.)
Annual Governance Statement 6	To ensure that we have a digital road map and necessary infrastructure in place to fully explore and exploit the opportunities offered via the digital and community enablers to deliver transformational change across all services provided by the Council.	Chief Executive and Director of Corporate Services	A Digital Strategy has been created which brings together all the key digital activity into one plan enabling a properly thought through approach to Digital. This is overseen by an internal Digital Board

			chaired by the Chief Executive. Significant change has already been delivered, including most recently making the Council's process for dealing with highways enquiries a purely digital service. (to closely monitor moving forward.)
Annual Governance Statement 7	To be vigilant against the potential failure of key providers/suppliers and to ensure that suitable business continuity arrangements are in place should such an event occur.	Chief Executive and Senior Leadership Team	This is an ongoing activity, which is aided, in great part, by the new rigour which accompanies our procurement processes. Particular attention has been paid in the adult social care area with a dedicated team to work with care agencies and suppliers who are demonstrating signs of instability. (carried forward as AGS 6)
Annual Governance Statement 8	Nationally there has been a delay in the publication of the Better Care Fund (BCF) planning requirements which has impacted on all Health & Wellbeing Board areas. As a result, there is a potential emerging risk regarding BCF monies received in respect of delayed transfer of care funding via the CCG's. The situation will be closely monitored to ensure that action is taken as appropriate in order to mitigate any loss of funding.	Director of Corporate Services & County Treasurer	This issue has been resolved and the funding passported through. (completed)
Annual Governance Statement 9	To be alert to the possibility of unforeseen contraventions of governance arrangements and situations where weaknesses in governance arrangements are exposed by isolated events.	Chief Executive and Senior Leadership Team	There is, in the past three years, a much-improved culture of rigour and self-discipline around procurement, which is welcome. Internal Audit have been very successful in identifying the few cases in which processes have not been followed properly. (carried forward as AGS 9)
Annual Governance 10	To ensure that action continues to actively manage the threat of cyber related attacks to the County Council.	Director of Corporate Services	Cyber remains a high priority. The council has tested itself against the Cyber Essentials standard and made changes to comply, including:

		<ul style="list-style-type: none"> • Mobile devices now managed under a mobile device management platform • Improvements to server/client device patching processes • Increased user awareness through mandatory training • Improved controls around privileged access • Ongoing software compliance programme e.g. removal of Windows 7, Server 2008, SQL 2008 and other unsupported software • Policy updates and ongoing improvements. (carried forward as AGS 7)
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Conclusion

The review of actions detailed within the 2018/19 AGS has confirmed that whilst significant progress has been made, a number are long term in their nature and therefore for the purposes of the 2019/20 AGS key actions AGS 1, AGS 2, AGS 3, AGS 4, AGS 7, AGS 9 and AGS 10 should be carried forward. These are particularly relevant as a result of COVID-19.

SUPPORTING PAPER 3

ANNUAL AUDIT LETTER 2018/19

The Annual Audit Letter 2018/19 was submitted to the Audit and Standards Committee on 28 January 2020.

Extract from Annual Audit Letter

‘Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2019.

Executive Summary

We are required to issue an annual audit letter to Staffordshire County Council (the Council) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work

Conclusion

Opinion on the Council’s:

▶ Financial statements

Unqualified opinion - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2018 and of its expenditure and income for the year then ended.

▶ Consistency of other information published with the financial statements

Other information published with the Financial Statements was consistent with the Annual Accounts.

Concluding on the Council’s arrangements for securing economy, efficiency and effectiveness

We concluded that a qualified ‘except for’ conclusion with respect to the Council’s arrangements to secure economy, efficiency and effectiveness in the use of your resources was appropriate.

A joint Ofsted and CQC inspection of the local Staffordshire area was carried out to judge the effectiveness of implementation of special educational needs and disabilities (SEND) reforms as set out in the Children’s and Families Act 2014. The inspection identified a number of significant areas of weakness in practice, resulting in the requirement for the Authority and Staffordshire Clinical Commissioning Groups to issue a Written Statement of Action. We acknowledge the challenges faced by the Authority in working with SEND partners where the Authority has limited direct control. Given the findings of the report we have concluded the Authority is not working effectively with partners to deliver required services and outcomes to the local population, specifically in respect to SEND.

Conclusion (from SCC perspective)

The Extract from the Annual Audit Letter provides an unqualified opinion for financial statements of 2018/19. A 'qualified except for' conclusion was given in relation to the 2018/19 opinion over the Council's arrangements for securing economy, efficiency and effectiveness following the Joint Ofsted and CQC inspection of the effectiveness of education needs and disabilities (SEND) reforms set out in the Children's and Families Act 2004.

SUPPORTING PAPER 4

INTERNAL AUDIT OUTURN REPORT 2019/20 AND PERFORMANCE AGAINST THE UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS

Extract of Overall Conclusion:

Based on the above, an “**Adequate Assurance**” opinion has been given on the overall adequacy and effectiveness of the organisation’s governance, risk and control framework, i.e. the control environment in 2019/20. This year’s audit plan has been dominated with audit activities which support not only the Children and Families System Transformation and Special Education Needs and Disabilities (SEND) but also the Council’s digital transformation programme, Adults and the Children’s Financial Services Transformation Programme and the Care Commissioning Programme. Internal Audit has continued to adopt agile auditing approaches within our audit processes, that has allowed the Internal Audit Service to provide a just-in time and proactive approach to support the right projects at the right depth and focus, at the right time. This approach has been adopted specifically within our on-going project work as part of the Adults and Children’s Financial Services Transformation Programme; the Adult Social Care Digital by Design Project focusing on the development of the Web Portal and the Office 365 Project during 2019/20. Some high-level issues have been raised in 2019/20 within these areas and the Internal Audit Service will continue to support the design and implementation of a robust control environment in 2020/21.

In quarter three of 2019/20, Internal Audit revisited the Council’s new property governance structure including the new framework for decision making following the limited assurance opinion awarded in December 2016. Our final audit report was reported to the Audit & Standards Committee in full at its December 2019 meeting and although a limited assurance opinion was again awarded, the internal audit review confirmed that significant improvements had been made, most notably the introduction of a revised decision-making structure for property-related matters and the establishment of a Property Sub Committee of Cabinet to tighten up the property governance arrangements in place. Further time is included in the 2020/21 Internal Audit Plan to give on-going assurance in this area.

Several audit reviews have also been carried out within SEND in-year focusing on progress made in implementing the written statement of actions (two reviews carried out); and two audits relating to SEND governance; one reviewing the governance structure and management oversight in place for the SEND District Inclusion Model and the other reviewing the local decision making groups operating at both county and district levels. Some high-level issues have been raised within these reviews and their implementation will be monitored during 2020/21. SEND will continue to be a key focus for the 2020/21 Internal Audit Plan.

Following the successful launch of My HR and My Finance back in September 2017 and November 2017 respectively, the Internal Audit Service has continued to support Accountancy in relation to both systems. In 2019/20, our ICT audit work in this area has focused on the development, testing and implementation of the BACS secure file transfer process and the upgrade of My Finance, both of which received a positive assurance opinion. All agreed recommendations relating to My HR and My Finance have continued to be monitored in year along with all the other agreed

recommendations made as part of the suite of financial systems audit work carried out in 2019/20.

The payroll control environment for the Council's core payroll has continue to improve and again in 2019/20, the payroll system has been awarded an adequate assurance opinion, with no high level issues raised and fewer audit recommendations made overall (A total of 11 recommendations have been made in 2019/20 compared with 13 recommendations in 2018/19 and 16 recommendations in 2017/18 highlighting a positive direction of travel). However, this year the Schools' compliance element of the assessment has not achieved the benchmark with limited assurance opinions being awarded for three school establishments. Also, control weaknesses relating to payroll processes operating at schools have continued to be identified in 2019/20 and it is worth noting that more control weaknesses have been identified this year when compared to last year.

The main financial systems element of the assessment has achieved the benchmark with all areas audited in this category being awarded a positive assurance opinion i.e. adequate or substantial assurance. Three other system audit reviews in 2019/20 have identified high level issues which have resulted in these reviews being awarded limited assurance opinions. For one of these reviews, a number of concerns have been raised relating to the use and payment of settlement agreements. The nature of this review along with the other two that are at draft report stage (namely Corporate Governance - Scheme of Delegation; and Joint Funding and Billing (CCGs/CHC) are currently being considered by management. Where appropriate, details will be incorporated into the Annual Governance Statement for 2019/20.

It is noted that the overall number of limited assurance opinions being awarded across all categories of our work continues to remain fairly static with 10 limited assurance opinions awarded in 2019/20 compared with 11 in 2018/19 and 12 in 2017/18. An analysis of the high-level control issues arising from these reviews indicates that improvements to governance arrangements are required for some areas of business operation as well as high-level control issues noted relating to officer non-compliance with agreed policy, best practice and procedures. The non-completion of key tasks and the failure to complete tasks consistently and correctly along with poor record keeping and a lack of management checks were common themes arising from these reviews. One reason for this may be due to issues of capacity within the Council to undertake key activities. The issue of capacity has been identified in previous years as a potential concern also. With the impact of the COVID 19 pandemic affecting the whole of the Council at the end of 2019/20 and continuing into the new financial year, capacity may continue to be an area of concern over the next 12 months. It is important that the key actions identified in these audits are addressed, implemented as agreed and progress monitored to ensure that the necessary steps have been taken to strengthen the control environment. This will continue to be a key focus for the 2020/21 Internal Audit Plan.

SUPPORTING PAPER 5

OTHER SOURCES OF ASSURANCE - STATUTORY OFFICERS

The Chief Finance Officer (County Treasurer)/Context

Any major organisation requires a set of clearly understood rules and regulations for the management of its financial affairs. In response to the requirements of Section 151 of the Local Government Act 1972, the County Council has designated the Chief Finance Officer to be responsible for the administration of these affairs.

In response to the requirements of Section 25 of the Local Government Act 2003, the Chief Finance Officer has a duty to report to the Authority on:

- the adequacy of the proposed reserves
- the robustness of the budget

In response to Section 114 of the Local Government Finance Act 1988, the Chief Finance Officer has a duty to report to the Council if the Authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the Authority
- is about to make an unlawful entry in the Council's accounts

In addition, the Chief Finance Officer is required to make a report under Section 114 if it appears that the expenditure incurred and/or proposed in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

The Monitoring Officer/Context

The role of the Monitoring Officer is a statutory one, the office having been created under Section 5 of the Local Government and Housing Act 1989. Every Local Authority must have a Monitoring Officer and since 2001 that office cannot be held by the person who is the head of that Authority's paid service, nor by the Section 151 Officer, though there are no other formal qualification requirements.

If at any time appears to (the Monitoring Officer) him that any proposal, decision or omission

- by the Authority;
- by any Committee or Sub-committee of the Authority;
- by any person holding any office or employment under the Authority;
- by any Joint Committee on which the Authority are represented, or;

- in the course of the discharge of functions of the Authority by or on behalf of the Authority's Executive.

constitutes, has given rise to or is likely to or would give rise to –

- a contravention of any enactment or rule of law by the Authority, by any Committee or Sub-committee of the Authority, by any person holding any office or employment under the Authority, by any such Joint Committee, or by the Authority's Executive or any person on behalf of the Executive, or
- any such maladministration or injustice as is mentioned in Part 3 of the Local Government Act 1974 where the Ombudsman has conducted an investigation;

then the Monitoring Officer is required to prepare a report to the Authority's Executive (if it relates to executive functions), or in all other cases to the Authority, with respect to that proposal, decision or omission, and in doing so is required to consult so far as practicable with the Authority's Head of Paid Service and their Chief Finance Officer.

Conclusion

Neither the Monitoring Officer nor the Chief Finance Officer has had occasion to use their statutory powers of intervention in 2019/20.

SUPPORTING PAPER 6

OTHER SOURCES OF ASSURANCE – MISCELLANEOUS

SECTION A SELECT COMMITTEES

We have effective processes in place. We have a number of Select Committees, the responsibilities of which reflect our focus on key outcomes. We make sure Cabinet Members are held accountable for their actions and we give members an opportunity to assess the impact of the Council's work in their local area. We will continue to develop these initiatives.

SECTION B CORPORATE DIRECTORS/RISK OWNERS

Assurance Statements are in the process of being reviewed as part of the review of our Risk Management processes (see below). In the interim, Statements continue to be completed for the Corporate Governance risk heading. The Assurance Statement is reproduced at **Appendix 2a**.

SECTION C CORPORATE RISK MANAGEMENT /STRATEGIC RISK REGISTER

The format of the Corporate Risk Register continues to be revised as the County Council undertakes its transformation programme. Currently the Head of Audit and Financial services is exploring the use of a digital solution for the completion and update of the strategic risks which will facilitate continuous review. The Audit and Standards Committee has received ongoing updates regarding significant risks during 2019/20. A further briefing will be provided at its December 2020 meeting regarding the lessons learnt from the initial response to the pandemic.

SECTION D EXTERNAL REVIEWS/INSPECTIONS

Our Children's Services maintained their 'Good' rating from Ofsted at the February 2019 inspection.

Positive feedback was received from the latest Peer Challenge regarding our governance processes.

A detailed joint action plan was prepared in order to address the significant areas of weakness identified as part of the joint Ofsted and CQC inspection of the SEND service. Consequently, as part of the final accounts process the External Auditor issued a qualified (except for) value for money conclusion for 2018/19. During 2019/20 work has progressed to ensure that the actions contained in the joint action plans have been addressed. There remain several actions outstanding in respect of these matters. This has been raised as a significant governance matter in the 2019/20 AGS action plan.

As set out in the 2019-20 Annual Performance Review Guidance (November 2019), following the Annual Performance Review meeting, officials in the Cities and Local Growth Unit undertook a review to look at the performance of each LEP across the three themes: governance, delivery and strategic impact. The outcome for each theme has been confirmed as follows:

* Governance: - Good

- * Delivery: - Good
- * Strategic Impact: - Requirements Met

SECTION E STANDARDS BOARD/OMBUDSMAN

- Our Audit and Standards Committee received an Annual Report in October 2020 on the management of elected member related complaints. No significant matters were identified. The LGSCO Annual Review Letter for 2019/20 was received by the CGWG and subsequently submitted to Pre-Cabinet in September 2020. The main actions highlighted related to taking steps to improve response times to implement recommendations and agreed actions. A number of whistleblowing issues have been considered by the Monitoring Officer (4 in 2019/20 and 2 subsequent to the production of the AGS) and where appropriate will be considered by the Corporate Governance Working Group in due course.

Conclusions

Section A

- **An effective system of scrutiny is in place.**

Section B

- **Our system of controls assurance is currently being reviewed and updated.**

Section C

- **The format and content of the Corporate Risk Register is to be reviewed and updated.**

Section D

- **Our Children's Services maintained their 'Good' rating from Ofsted.**
- **Positive feedback was received from the Peer Challenge regarding our governance processes.**
- **A detailed joint action plan has been prepared in order to address the significant areas of weakness identified as part of the joint Ofsted and CQC inspection of the SEND service. The implementation of the action plan will be overseen by the Family Strategic Partnership Board. Consequently, as part of the final accounts process for 2018/19 the External Auditor issued a qualified (except for) value for money conclusion.**

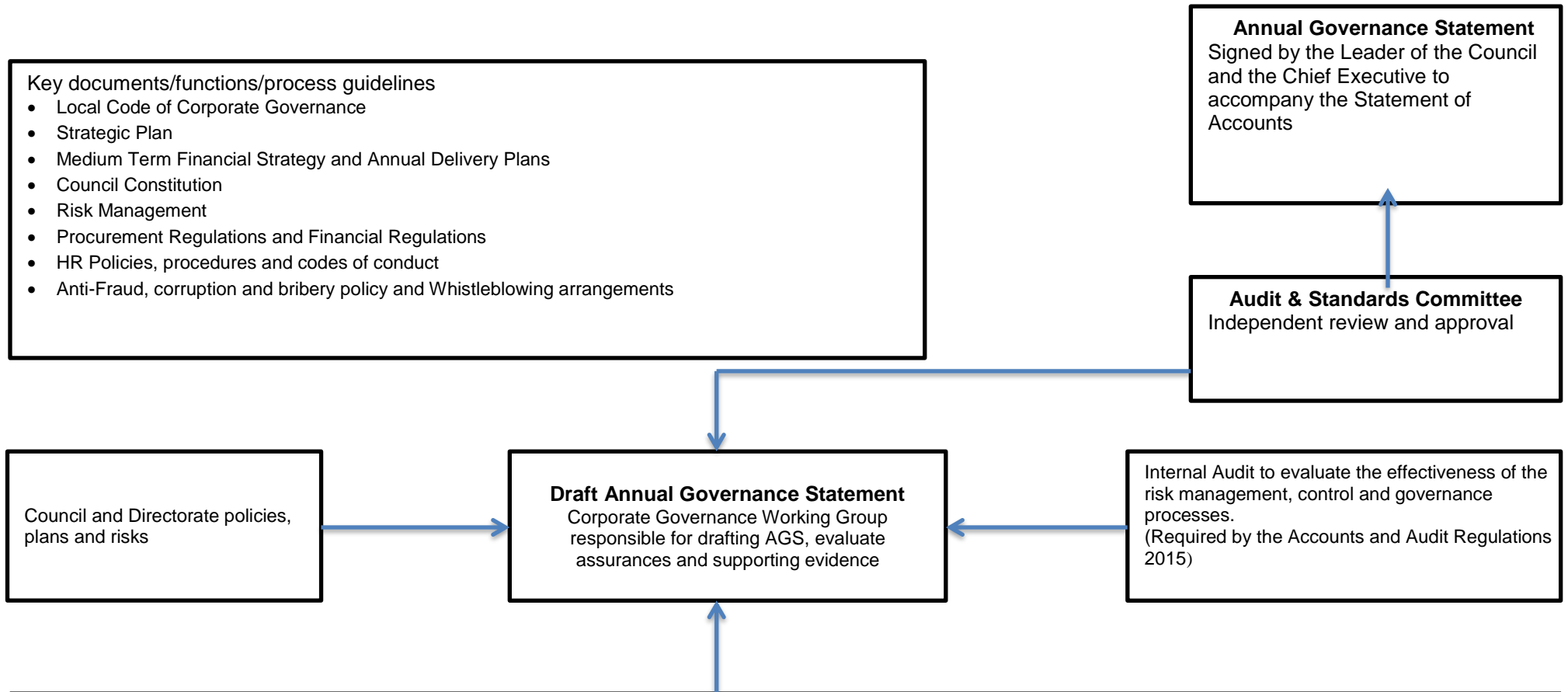
Section E

- **The Audit and Standards Committee received the Annual Report on the management of elected member related complaints. No major issue reported.**
- **The Local Government Social Care Ombudsman did uphold a complaint regarding the management of deprivation of liberty safeguards for deciding not to assess low and medium priority cases and taking too long to deal with urgent applications.**
- **A number of whistleblowing issues (4 related to 2019/20 and 2 subsequently received in 2020) are being considered by the Monitoring Officer and will be considered by the Corporate Governance Working Group in due course.**

- **The 2019/20 Information Governance Annual Report provided assurance regarding compliance with the Data protection Act 2018 and GDPR Freedom of Information Act 2000, Environmental Information Regulations 2004 and the Local Government Transparency Code 2014. This report was presented to the Audit & Standards Committee in October 2020.**

APPENDIX 1

THE ANNUAL GOVERNANCE STATEMENT - FRAMEWORK



Provision of ongoing assurance on adequacy and effectiveness of controls over key risks

Performance Management and Data Quality	External Inspections – e.g. Ofsted, Care Quality Commission)	Financial Control Assurance (Section 151 Officer)	Legal and Regulatory Assurance (Monitoring Officer)	Members' Assurance	Internal Audit	External Audit	Risk Management	Assurances by Directors/Risk Owners
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APPENDIX 2

THE AGS – ASSURANCE GATHERING PROCESS

Stage 1 – Establish principal statutory obligations and organisational objectives

The Strategic Plan is underpinned by three interconnected priority outcomes providing a simple and clear focus.

The people of Staffordshire will:

- Have access more good jobs and share the benefits of economic growth
- Be healthier and more independent for longer
- Feel safer, happier and more supported in and by their community

The associated Delivery Plan defines a set of Commissioning Priorities which are consistent with these outcomes.

Stage 2 – Identify principal risks to achieving Commissioning Priorities

The Corporate Risk Register currently comprises 14 risk categories. Going forward, risks will be cross-referenced to our Strategic Plan.

Stage 3 - Identify and evaluate key controls to manage principal risks

The Corporate Risk Register currently defines key controls (documents and processes) for each specific risk area. Each control is evaluated. Going forward, key controls will be cross-referenced to our Strategic Plan.

Stage 4 – Obtain assurances on effectiveness of key controls

As defined within Appendix 1 to this report and Section 11 of the AGS

Stage 5 – Evaluate assurances and identify gaps in control / assurances

As defined within Appendix 3 to this report and Section 11 of the AGS

Stage 6 – Action Plan to address weaknesses and ensure continuous improvement of the system of corporate governance

As defined within the Corporate Risk Register and Section 14 of the AGS

Stage 7 – Annual Governance Statement

As considered by the Corporate Governance Working Group

Stage 8 – Report to Members

As considered by the Audit and Standards Committee

APPENDIX 2A

EXAMPLE OF A CONTROLS ASSURANCE STATEMENT

CORPORATE GOVERNANCE

Risk Details

Risk Description	Failure to maintain effective corporate governance arrangements resulting in a breakdown in internal controls, the non-achievement of objectives and loss of reputation
Risk Owner	Director of Corporate Services – John Tradewell
Associated Risk Owners	Corporate Governance Working Group
Sources of Assurance	Risk Owner and Associated Risk Owners, plus Internal and External Audit

Key Controls and Processes

Annual Governance Statement	Customer Feedback Process	Members Code of Conduct
Business Continuity Framework	Delegations to/from Directors	Officers Code of Conduct
Code of Corporate Governance	Fraud, Bribery and Corruption Policy including the Integrity Policy Statement	Record of Decisions
Committees (Scrutiny/Select / Audit and Standards)	Member/Officer Relations	Risk Management Policy Statement
Constitution	Member Training	Schedule of Council Meetings
Corporate Risk Register	Members Allowances Scheme	Whistle Blowing Policy

Controls Assurance**

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
Annual Governance Statement	Annual Governance Statement	Corporate Governance Working Group Audit and Standards Committee Review Monitoring Officer County Treasurer Head of Paid Service	3
Business Continuity Framework	Staffordshire Prepared Website Business Continuity Website SCC Shared drive for Civil Contingencies Defined Work Programme approved	Testing of Business Continuity Plans Corporate Governance Working Group Staffordshire Civil Contingencies Unit Staffordshire Resilience Forum Exercise Aurora	2
Code of Corporate Governance	Code of Corporate Governance Annual Action Plan	Audit and Standards Committee Assessment Corporate Governance Working Group	3

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
	Internal Audit Review in 19/20 resulting in Substantial Assurance	Monitoring Officer County Treasurer Head of Paid Service	
Committees	Scrutiny (Select) Committee Audit and Standards Committee	<u>Scrutiny (Select) Committee</u> Examples of effective scrutiny include Integration and the work on the Budget <u>Audit and Standards Committee</u> Delivery of training Review of the effectiveness of the Audit & Standards Committee undertaken.	3 3
Constitution	Constitution	Reviews overseen by the Audit and Standards Committee Corporate Services resource Monitoring Officer	2
Corporate Risk Register	Corporate Risk Register	Audit and Standards Committee - Corporate Risk Register – Senior Leadership Team Corporate Governance Working Group	2
Customer Feedback Process	<u>See</u> Risk Category 1	<u>See</u> Risk Category 1	
Delegations to/from Directors	Delegations to Directors Delegations from Directors Corporate Governance Action Plan	Delegations to Directors Review of Delegations to Directors Review of sub delegation schemes	2
Integrity Policy Statement	Integrity Policy	Development of E-Learning Fraud Awareness Tool Fraud, Bribery & Corruption Policy	2
Member / Officer Relations	Member / Officer Relations	Member/Officer protocol Strategic Delivery Managers 'Buddy' support system with nominated Democratic Services officers Monitoring Officer	3

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
Member Training	Member Training PDR system linked to political skills	Municipal Journal Councillor Development Achievement Award (Former Winners) Member Induction Process Regular Training Events	3
Members Allowances Scheme	Members Allowances Scheme	Internal Audit Report Independent Remuneration Panel	3
Members Code of Conduct	Members Code of Conduct	Overseen by Audit and Standards Committee Member investigations by Audit and Standards Committee – where appropriate Member Training Monitoring Officer	3
Officers Code of Conduct	Officers' Code of Conduct	Annual Declaration of Interests Confidentiality Letters Procurement – declaration forms	2
Record of Decisions	Record of Decisions	Corporate Services resource	3
Risk Management Policy Statement	Risk Management Policy Statement	Corporate Risk Management Leads Corporate Governance Working Group Embedding of risk management in Transformation process	1 (By virtue of need to revise and update the Statement and accountabilities)
Schedule of Council Meetings	Schedule of Council Meetings	Corporate Services resource	3
Whistle Blowing Policy	Whistle Blowing Policy	Annual review by CGWG	2

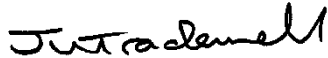
****Key**

Key Control	Key documents and process identified within a specific risk category that are in place or required to be put in place in order to contain the risk to an acceptable level.
Evidence of Control	Name of a document or a process / procedure that governs the identified control.
Sources of Assurance (if available)	E.g. Internal / External Audit inspections, Audit & Standards Committee, Cabinet, Scrutiny Panels, Internal Reviews, Control Self-assessment.
Control Rating	1 (Limited) – The stated control requires major revision and/or there is little evidence of the effectiveness of the control framework.

	<p>2 (Adequate) – The stated control requires only minor revision and/or the effectiveness of the control framework can be partly evidenced by reference to Sources of Assurance.</p> <p>3 (Substantial) – The stated control has been in place all year and does not require revision. The effectiveness of the control framework can be substantially evidenced by reference to Sources of Assurance.</p>
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Annual Governance Statement

“Following consultation (where appropriate with Directorates) in terms of Control Rating, I am satisfied that, in relation to the Corporate Governance Strategic Risk Category, the stated level of compliance against required standards gives a true and fair view of the control frameworks in place. Where any Control Rating is assessed as “Limited” an appropriate Action Plan will be defined and implemented during 2019/20.”



John Tradewell
Director of Corporate Services
Date: 31st July 2020

APPENDIX 3**The AGS – SOURCES OF ASSESSMENT - COVERAGE**

Risk Ref	Risk Category	Risk	Scrutiny	Internal Audit	External Agencies	Director/ Risk Owner	Statutory Officers
1	Planning and Performance	Failure to establish and communicate clear plans and objectives and monitor performance	✓	✓	✓	✓	
2	Service Delivery	Failure to maintain day to day service provision	✓	✓	✓	✓	✓
3	Corporate Governance	Failure to maintain effective corporate governance arrangements	✓	✓	✓	✓	✓
4	Human Resources	Failure to resource safely, effectively and efficiently – manage the implications of a reducing headcount – handle poor performance	✓	✓		✓	✓
5	Organisational Development	Failure to ensure the workforce has the appropriate knowledge and skill set	✓	✓		✓	
6	Health and Safety	Failure to protect staff / third parties from injury	✓	✓	✓	✓	✓
7	Procurement	Failure of ensure the procurement process provides best value	✓	✓		✓	✓
8	Law and Democracy and Information Governance	Failure to comply with key legislation or legal requirements	✓	✓	✓	✓	✓

9/10	Financial Management	Failure to provide sufficient finance to enable the Council to meet its objectives and ensure income and expenditure is contained within the budget and is properly accounted for	✓	✓	✓	✓	✓
11	Change Management	Failure to manage corporate projects and organisational change	✓	✓	✓	✓	
12	Information Management	Failure to transform services throughout Staffordshire by the innovative use of ICT	✓	✓	✓	✓	
13	Property	Failure to provide, protect and maintain property that will deliver a suitable and safe working environment for staff and visitors	✓	✓	✓	✓	
14	Business Continuity	Failure to maintain service delivery in the event of major disruption	✓	✓	✓	✓	

Notes:

- (1) Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes (*UK Public Sector Internal Audit Standards and CIPFA Local Government Application Note*).
- (2) External audit evaluate significant financial systems, and the associated internal financial controls, for the purpose of giving an opinion on the financial statements. Where external audit identify any weaknesses in such systems, external audit will draw them to the attention of the Council, but external audit cannot be expected to identify all weaknesses that exist. External audit are not responsible for forming an opinion on the adequacy of systems of internal control and were appointed by the Audit Commission.