

REPORT OF THE CORPORATE GOVERNANCE WORKING GROUP

THE ANNUAL REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK, INCLUDING THE SYSTEM OF INTERNAL CONTROL – 2020/2021

INTRODUCTION AND CONTEXT

Appendix 1 has been drafted in response to the need to formerly 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 2019/20 AGS (Supporting Paper 2)
- Annual Audit Letter 2019/20 (Supporting Paper 3)
- Internal Audit Outturn Report 2020/21 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 including COVID 19 response (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 action points have been identified during the review and have been incorporated into the action plan to be addressed in 2021/22.

SUPPORTING PAPER 1

ANNUAL REVIEW OF THE CODE OF CORPORATE GOVERNANCE

The annual review of corporate governance has 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 2020 which included a detailed action plan. Progress against the action plan has been reviewed during 2020/21 and an updated Code of Corporate Governance and subsequent action plan has been reported to the Audit & Standards Committee on 13th July 2021.

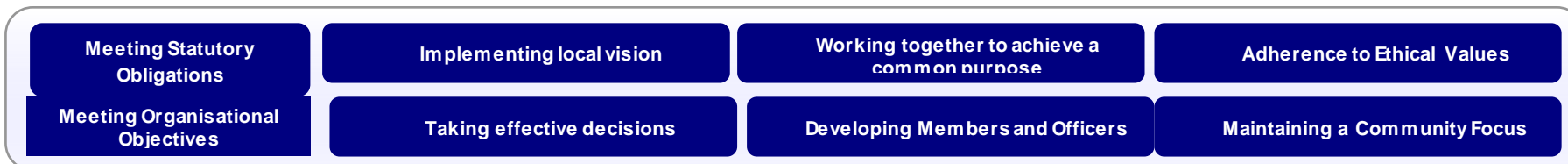
During February 2021 the Centre for Governance and Scrutiny published the results of its project focused on the early identification of risk around governance and the cultural aspects of good governance. The study produced a framework [Governance risk and resilience framework] that can sit alongside existing governance support material, in particular the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016) to assist in the understanding, reviewing, evaluating, and deciding upon governance improvements. Therefore, the Corporate Governance Working Group will explore the potential use of the framework during 2021/22 alongside its annual review of the Code of Corporate Governance work.

Attachments

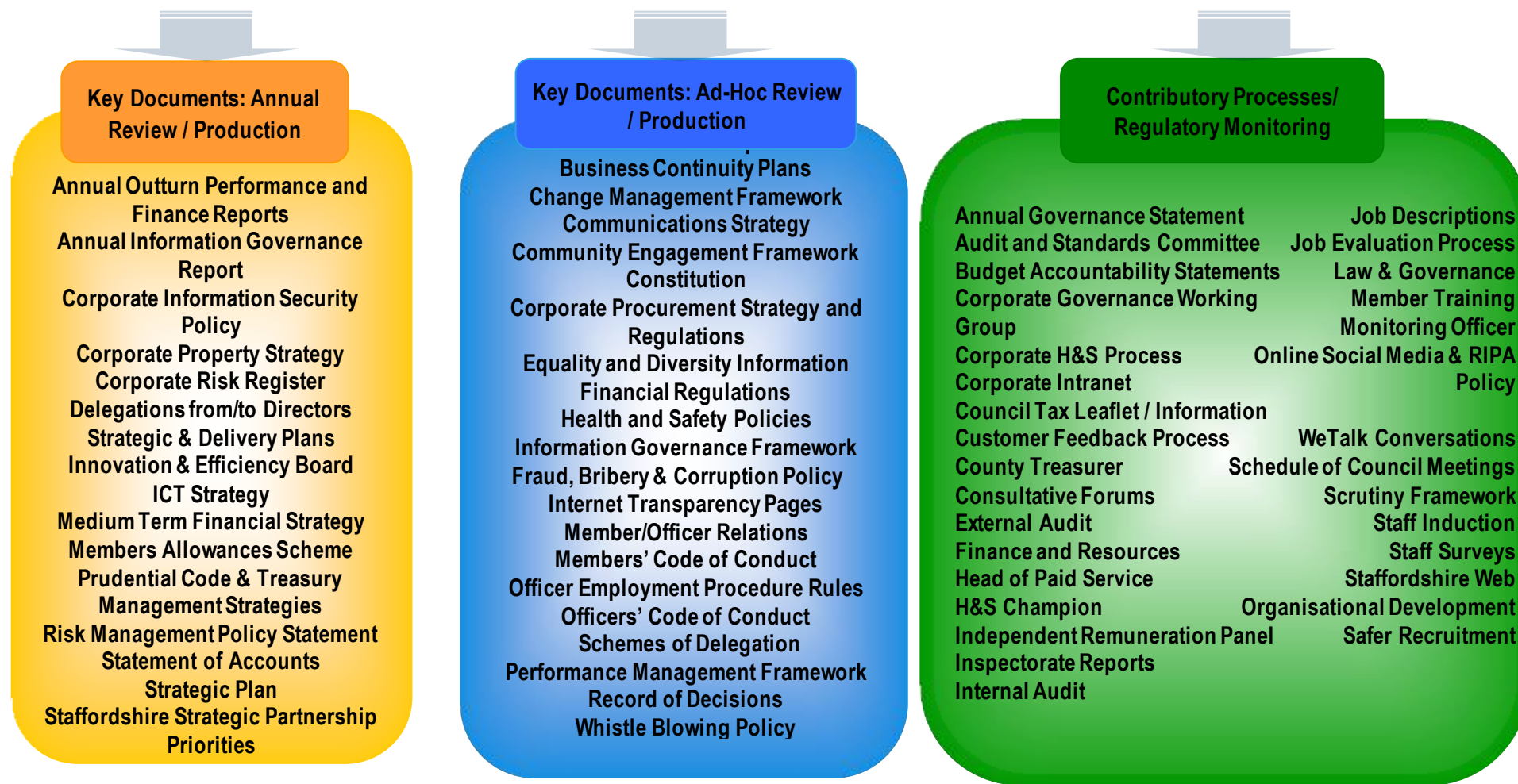
Single Sheet Local Framework – (refreshed as part of the July 2021 Code of Corporate Governance update)

Code of Corporate Governance Action Plan 2020/21 - Progress Extract

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



Corporate Governance comprises the systems and processes, culture 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 2020/21- Updated for Progress

Action Point	SLT Lead	Progress
<p>To complete the Governance Review currently being undertaken.</p>	<p>Responsible Officer: Ann-Marie Davidson, County Solicitor</p> <p>Implementation Date: 31st March 2021</p>	<p>The Governance Review took a different turn, largely as a result of the pandemic. Rather than focussing on the original 3 strands of Property, Procurement and Decision-Making, attention focussed solely on the decision-making of the organisation (particularly in the midst of the pandemic). Work has also focussed on promoting awareness of decision-making and making things easier to find.</p> <p>In terms of Procurement, the regulations were reviewed by the Procurement Team and were considered by CGWG before being presented to CSLT. The updated procurement regulations alongside the Financial Regulations will be included on the agenda for the Audit & Standards Committee meeting in October 2021.</p> <p>Ongoing – An Annual Review will be conducted to ensure that the governance framework remains strong and fit for purpose.</p>
<p>To progress the work on the 3 strategic place-based priorities further (Place Branding/5G/Data Institute) and explore two further key issues (climate change and inequalities)</p>	<p>Responsible Officer: Assistant Director – Strategy/ Kerry Dove Head of Policy and Insight</p> <p>Implementation Date: 31st March 2021</p>	<p>The current progress includes:</p> <ul style="list-style-type: none"> • Place Branding—our Staffordshire Story was launched in November 2020 to promote Staffordshire as a great place to live and work. • 5G roll out –Staffordshire and Stoke-on-Trent 5G Connected Region Growth Deal Proposal was signed off by SSLEP Board and submitted to central government in February 2020, to increase 5G coverage across the region. • Data Institute (Staffordshire Centre for Data Analytics)—Focused on better intelligence and insight to tackle citizens needs earlier, prevent or reduce demand, improve decision making and improve outcomes for people in Staffordshire. Recruitment to resource this is underway including the appointment of the Staffordshire Centre for Data Analytics Programme Lead <p>As positive progress continues towards the above priorities, a significant focus remains on leading the response to the pandemic across partners and recovery planning. In 2021, the Living with Covid work led by SCC was considered, and Network Staffordshire</p>

		<p>agreed to focus on two further key issues: climate change and inequalities by the 31st March 2022.</p> <p>Ongoing – Revised Implementation Date: 31st March 2022</p>
To consider the production of a comprehensive volunteer management strategy and framework.	<p>Responsible Officer: Sarah Getley Assistant Director – People Assistant Director - Strategy</p> <p>Implementation Date: 31st March 2021</p>	<p>Responsibility for this area was changed during the year to the Assistant Director – Strategy. A task and finish group has been established to progress the work during 2021.</p> <p>Revised Implementation Date: 31st March 2022</p>
To consider the draft social value framework together with the 2 external social value assessment tools which are being assessed regarding adoption by the Council.	<p>Responsible Officer: Ian Turner, Assistant Director - Commercial Services and Assets</p> <p>Implementation Date: 30 September 2021</p>	<p>Work in this area has been delayed due to COVID 19. Social Enterprise UK have now been engaged by the Council to assist with the development of this area. It is intended to discuss the resultant approach with relevant Cabinet leads during July 2021.</p> <p>Revised Implementation Date: 31st March 2022</p>
To ensure ongoing greater visibility and ownership of the Corporate Risk Register, together with regular monitoring and updating of individual risk areas.	<p>Responsible Officer: Lisa Andrews, Head of Audit & Financial Services</p> <p>Implementation Date: Ongoing</p>	<p>This will be achieved through the implementation of the risk management module within the new Audit & Risk Management software due for implementation in October 2021.</p> <p>Revised Implementation Date: 1st October 2021</p>
As part of the Governance Review to complete the update exercise of the current Schemes of	<p>Responsible Officer: Ann-Marie Davidson, County Solicitor</p>	<p>The Main Schemes of Delegation have recently been reviewed and it has been agreed with the Directorates (via BEST colleagues) that Sub Schemes will feature on Directorate SLT meetings twice a year.</p>

<p>Delegation to ensure that they are fit for purpose in respect of the revised organisational requirements.</p>	<p>Implementation Date: 31st March 2021.</p>	<p>The content of the Constitution and its overall structure will continue to be reviewed.</p> <p>Complete</p>
<p>To launch the redesigned MPC process which is a year 1 priority in the People Strategy</p>	<p>Responsible Officer: Sarah Getley, Assistant Director - People Implementation Date: 30 September 2020</p>	<p>The MPC process was redesigned during 2020/21 resulting in the launch of the We talk performance management arrangements. This action is complete.</p> <p>Complete</p>
<p>The ongoing review the current HR policies in operation to ensure that they reflect the needs of the business.</p>	<p>Responsible Officer: Sarah Getley, Assistant Director – People Implementation Date Next tranche to be completed by 31 March 2021.</p>	<p>Work continues on the review of the current HR policies in line with the People’s Strategy.</p> <p>Ongoing – next tranche to be completed by 31 March 2022.</p>
<p>To refresh the risk management policy and strategy.</p>	<p>Responsible Officer: Lisa Andrews, Head of Audit & Financial Services Implementation Date: 31st December 2020.</p>	<p>Following the implementation of the Pentana risk management module of the Audit & Risk Management system due to be implemented in October 2021, the risk management policy and strategy will be updated to incorporate the new operating model.</p> <p>Revised Implementation Date: 31st October 2021</p>

SUPPORTING PAPER 2

**PROGRESS AGAINST SIGNIFICANT CONTROL ISSUES CONTAINED
WITHIN THE 2019/20 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	Governance Issue	Target Date	Progress as at July 2021
Annual Governance Statement 1	To continue to address the key concerns raised through the CQC/Ofsted report to ensure that the governance elements within the SEND arrangements have been addressed fully in a timely manner.	Helen Riley – Director for Families & Communities March 2021	Work in this area continues although there are a number of issues that will be resolved following the completion of the Children’s Transformation Project. Oversight on progress will be undertaken by the Senior Leadership Team. (carried forward as AGS 1)
Annual Governance Statement 2	To ensure that a robust strategy and action plan to address Climate Change within the County including how we will provide place-based leadership in order to reduce our carbon footprint	Daryl Evers – Director for Economy, Infrastructure & Skills March 2021	A climate change strategic development framework has been produced outlining SCC commitment to making Staffordshire Sustainable and to achieve net zero carbon emissions by 2050. The framework includes an overview of how it will be achieved internally. The framework also mentions working externally with partners and the wider community. It is proposed that an annual report will be produced demonstrating what actions have been achieved during the year. Work will be progressed and developed during the year. In line with the framework document, the first annual report detailing the Council’s progress on reducing carbon emissions was presented to Corporate Overview and Scrutiny Committee on the 7 September 2021. The Committee also received the draft Climate Change Action Plan 2 for comment prior to formal sign off by Cabinet in October 2021.

			(carried forward as AGS 2)
Annual Governance Statement 3	To ensure the delivery of a balanced MTFS set against the financial challenges emerging from the COVID 19 crisis.	Rob Salmon – County Treasurer Ongoing	The Council spent £1.924 million less than the budget for our day to day activities, this is 0.4% less than the revised budget of £542.4 million. This demonstrates excellent financial management and good budgetary controls which have allowed spending to be so close to budget in 2020/2021, a feature of a well-run council. Challenges remain in the medium term and these will continue to be monitored and where relevant appropriate action will be taken. Adherence to the CIPFA Financial Management Code will continue to be monitored to enable full compliance by 2021/22.
			(carried forward as AGS 3)
Annual Governance Statement 4	To deliver the aspiration to create a single approach to ensure that the Childrens operating system transforms safely and the restorative practice model is implemented.	Helen Riley – Director for Families & Communities March 2021	The Children’s Transformation Project continues, the recruitment phase is anticipated to be concluded shortly. Further work will progress over the transformation of the pathways and processes operating within the project in order to implement the flexible and restorative practice model whilst developing services locally in conjunction with Partners.
			(carried forward as AGS 4)
Annual Governance Statement 5	To review the arrangements surrounding the operation of the STP to ensure that we are working as efficiently as possible. This will be covered as part of the work of the Health Scrutiny Committee on urgent care.	Richard Harling – Director for Health & Care Ongoing	The Health and Care Bill 2021 will create Integrated Care Systems from 01 April 2022. These will comprise: a) An NHS Integrated Care Board, which will be responsible for securing NHS services for the population, accountable to NHS England. The Staffordshire and Stoke on Trent NHS

			<p>Integrated Care Board will replace the current Clinical Commissioning Groups.</p> <p>b) An Integrated Care Partnership with core membership drawn from the local authorities and NHS Integrated Care Board. The Staffordshire and Stoke on Trent Integrated Care Partnership will include Staffordshire County Council, Stoke-on-Trent City Council and the Staffordshire and Stoke on Trent NHS Integrated Care Board, with other members to be determined. The Integrated Care Partnership will produce an Integrated Care Strategy to which the County Council, City Council and NHS Integrated Care Board will have to give 'due regard' but which is not legally binding.</p> <p>c) Local authorities will remain autonomous organisations, accountable to their population and not to NHS England.</p> <p>The Council will want to ensure that the Staffordshire and Stoke on Trent Integrated Care Partnership facilitates relationships and generates new ideas to improve health and care outcomes and services, that it respects our autonomy, and that it does not create additional bureaucracy that might compromise the pace of improvements. This will be kept under review during 2021/22 by the Health and Well-Being Board</p> <p>(carried forward as AGS 5)</p>
Annual Governance Statement 6	To be vigilant against the potential failure of key providers/suppliers and to ensure that suitable business continuity arrangements are in place to deal with an event, should it occur	John Tradewell – Director for Corporate Services	Throughout the COVID 19 pandemic the Council has put in place a series of measures to support the resilience of the care market within Staffordshire. This has included the provision of direct financial support (both locally allocated

		Ongoing	<p>and the distribution of national COVID 19 grants) and well as an enhanced provider support and advisory services delivered through the Provider Incident Management Cell of the Council's COVID response. The support provided has included</p> <ul style="list-style-type: none"> • Financial sustainability allocations of funding to support the sector to meet additional costs in particular in the first phase of the pandemic. • Administration of the government's Infection Control Fund Grants, Rapid Testing Fund Grants and Workforce Capacity Fund through 2020/21. • Enhanced provider support through PIMs including weekly calls to care homes, targeted support from quality and nursing staff to support homes which were facing unprecedented challenges, providing additional specialist support to care homes with staffing or regulatory challenges. • Developing a daily market overview tool which established the level of risk in each home and allowed for targeted support and interventions to be deployed. <p>Work will continue to ensure that any potential problems regarding the viability of key suppliers are promptly identified and appropriate action taken.</p> <p>(carried forward as AGS 6)</p>
Annual Governance Statement 7	To continually review the cyber security risks and threats to the Councils ICT network to ensure they are sufficiently protected and secured	John Tradewell – Director for Corporate Services	Cyber security risks and threats to the Councils network are continually reviewed to ensure that they remain as sufficiently protected and secure as possible. During 2020/21 a cyber security specialist was recruited to help strengthen

		Ongoing	<p>arrangements to secure the Councils networks from potential attacks. Regular reports were received by the Audit & Standards Committee regarding the Councils arrangements to mitigate the risks present in this area.</p> <p>(carried forward as AGS 7)</p>
Annual Governance Statement 8	To respond to the findings of the lessons learnt exercise for the COVID 19 response phase jointly conducted with the Civil Contingencies Unit.	<p>John Henderson – Chief Executive and John Tradewell – Director for Corporate Services</p> <p>September 2020</p>	<p>Work on this area continues in light of the challenges ahead in response to the COVID 19 pandemic. A further review is planned for 2021/22.</p> <p>(carried forward as AGS 8)</p>
Annual Governance Statement 9	To continue to be alert to the possibility of unforeseen contraventions of governance arrangements and situations where weaknesses in governance arrangements are exposed by isolated events. In particular to the governance weaknesses identified within the Internal Audit Outturn regarding maintained schools	<p>Chief Executive and Senior Leadership Team</p> <p>Ongoing</p>	<p>Work continues to maintain the focus on the possibilities of unforeseen governance contraventions. The work of Internal Audit together with the extension of the continuous controls monitoring activity will help to reduce opportunities for this to occur moving forward. The recommendation tracking software will help to ensure that where areas of non-compliance are identified by Internal Audit that the necessary corrective action is taken. This includes the ongoing work undertaken in relation to SEND during 2021/22.</p> <p>In respect of improving the governance arrangements within maintained schools, a detailed guidance publication was produced by Internal Audit and issued in October/November 2020. Governance is a key feature of the</p>

			internal audit programme and a full complement of audits was undertaken throughout the year despite the COVID 19 restrictions. (carried forward as AGS 9)
Annual Governance 10	To fully implement the outstanding audit recommendations relating to the property governance follow up report thereby strengthening the control environment in this area	John Tradewell – Director for Corporate Services December 2020	A follow up audit was undertaken in 2020/21. Two audit recommendations remain outstanding regarding the production of a property management strategy and Key performance indicators. Work is progressing on both albeit slightly delayed as a result of the local elections. Progress on this area was reported to the Audit & Standards Committee during 2020. Complete

Conclusion

The review of actions detailed within the 2019/20 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 2020/21 AGS key actions AGS 1, AGS 2, AGS 3, AGS 4, AGS 5, AGS 6, AGS 7, AGS 8 and AGS 9 should be carried forward. These are particularly relevant as a result of COVID-19.

SUPPORTING PAPER 3
ANNUAL AUDIT LETTER 2019/20

The Annual Audit Letter 2019/20 was submitted to the Audit and Standards Committee on 13 September 2021. The Audit Results report (ISA 260) was presented to the 8 December 2020 Audit and Standards Committee.

Extract from Annual Audit Letter

‘Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued in July 2020’

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 2020. Below are the results and conclusions on the significant areas of the audit process.

Area of Work

Opinion on the Council’s:

- ▶ Financial statements

Conclusion

We issued an unqualified opinion on the County Council and Pension Fund financial statements on 30 April 2021. The audit was significantly protracted due to the unforeseen sickness absence of key members of the audit team. We conclude that the financial statements give a true and fair view of the financial position of the County Council and the Pension Fund as at 31 March 2020 and of its expenditure and income for the year then ended. Within the audit opinion we did include a paragraph to emphasise the disclosures made by the pension fund in respect of the material uncertainty reported on the valuation of its directly held property investments

- ▶ 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

As a result of our procedures, we conclude that a qualified ‘except-for’ conclusion with respect to your arrangements to secure economy, efficiency, and effectiveness in your use of resources is appropriate, specifically in relation to the SEND Written Statement of Actions.

Conclusion (from SCC perspective)

The Extract from the Annual Audit Letter provides an unqualified opinion for financial statements of 2019/20. A ‘qualified except for’ conclusion was given in relation to the 2019/20 opinion over the Council’s arrangements for securing economy, efficiency, and effectiveness in the use of resources, specifically in relation to the SEND Written Statement of Actions.

SUPPORTING PAPER 4

INTERNAL AUDIT OUTTURN REPORT 2020/21 AND PERFORMANCE AGAINST THE UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The overall conclusion taken from the Outturn report states:

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 2020/21.

This year’s audit plan has been dominated firstly by our planned audit activities which supported not only the Children and Families System Transformation and Special Education Needs and Disabilities (SEND) Transformation but also the Council’s digital transformation programme, Strategic Property Asset Management, Information Management and cyber security arrangements. Some high-level issues have been raised in 2020/21 although Internal Audit’s work highlighted that system improvements had been made within the SEND and Strategic Property areas in-year. In respect of these areas, Internal Audit will continue to support the design and implementation of a robust control environment in 2021/22 and SEND will continue to be a key focus for the 2021/22 Internal Audit Plan. Secondly and in addition to our planned work, during 2020/21, Internal Audit has supported the Council’s COVID 19 response and undertaken several audit reviews and provided real-time advice and guidance covering areas such as the distribution and use of COVID 19 grant monies and the Council’s decision making arrangements relating to COVID 19 activities. Whilst some high-level issues were identified from our work, it is acknowledged that the Council has had to put in place a number of new processes to administer financial and other support to vulnerable groups within our communities within very tight timescales to respond to the national pandemic. The 2021/22 Internal Audit Plan continues to have time allocated to support both the Council’s COVID 19 response and recovery activities during the year ahead.

Emphasis on strong financial management continued in 2020/21 with a full audit programme of main financial systems conducted. The Council’s debt recovery arrangements continue to be an area of concern with the level of debt outstanding continuing to increase. However, it is again acknowledged that the level of debt outstanding has been impacted on by COVID 19 in-year. Internal Audit will continue to keep this area under review in 2021/22. In relation to the payroll control environment for the Council’s core payroll, this area has again been awarded an adequate assurance opinion, with no high level issues raised, which is pleasing to note. However, the 2020/21 Schools’ compliance programme has continued to identify areas of non-compliance and lapses in internal controls 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 during 2020/21.

It is noted that the overall number of limited assurance opinions awarded across all categories of our work has risen slightly with 14 limited assurance opinions awarded in 2020/21, compared with 10 in 2019/20 and 11 awarded in 2018/19. 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 which has been previously raised and will have been further impacted on by the COVID 19 pandemic during 2020/21. 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 2021/22 Internal Audit Plan.

Finally, at the beginning of 2020/21, the Council was subject to two serious frauds (attempted bank mandate fraud and the fraudulent misuse of Council Purchase Cards), both of which have been investigated and a number of high-level issues were raised for remedial action by management. In relation to the fraudulent misuse of purchase cards, Internal Audit will continue to support the service area to ensure that revised processes and procedures are operating as expected during 2021/22. Furthermore, assurance in this area will be regularly provided to the Audit and Standards Committee during 2021/22 to provide on-going comfort that revised internal controls and checks are operating as intended. One further area worthy of note related to our investigative and proactive work carried out in year relating to home to school transport providers. A lack of contractual compliance by a number of the providers was identified and further work in this area is proposed for the 2021/22 financial year to support the Transport Team in improving the systems of control across the home to school transport sector.

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 it 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 2020/21.

SUPPORTING PAPER 6

OTHER SOURCES OF ASSURANCE – MISCELLANEOUS

SECTION A SCRUTINY & OVERVIEW COMMITTEES

We have effective processes in place. We have four Overview & Scrutiny 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. An annual report is produced each July and submitted to Corporate Overview & Scrutiny Committee and then Full Council. The report for 2020/21 will be submitted to the September meeting this year as a result of COVID 19 and then to Full Council in October 2021. Currently no significant governance issues have been highlighted to date.

The Integrated Performance Report is produced quarterly and presented to Cabinet. This provides an overview of progress, performance, and financial position in delivery against the Councils Strategic and Delivery Plans. The latest report to Cabinet in July 2021 provides an overall assessment on the Council's performance and financial position as amber with risks present within Adult Social Care and Families and Communities. The forecast financial outturn is for an underspend.

SECTION B CORPORATE DIRECTORS/RISK OWNERS

Assurance Statements are in the process of being re considered 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 arrangements for the production of the Corporate Risk Register are currently being amended. As part of the Audit & Risk Management software upgrade, the risk management module is at present being configured with an anticipated go live date of 1st October 2021. This will provide a digital solution for the production of the corporate risk register and replace the current manual process managed via various excel spreadsheets. Nominated risk owners will be responsible for the completion and update of their service risk register which will feed directly into the strategic risk register on a continuous basis. This development will increase the level and frequency of reporting and scrutiny.

The Audit and Standards Committee has received ongoing updates regarding significant risks during 2020/21. Fraud risks relating to COVID 19 were presented to the October meeting of the Committee and a COVID 19 Response Risk Debrief was provided to the December 2020 meeting regarding the lessons learnt from the initial response to the pandemic.

The One Staffordshire Information Sharing Agreement protocol is in place to ensure sharing information with partners is done in a transparent, consistent, and compliant way.

SECTION D EXTERNAL REVIEWS/INSPECTIONS

Our Children's Services maintained their 'Good' rating from Ofsted at the February 2019 inspection. There have been no further Ofsted inspections to date.

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 progressed to ensure that the actions contained in the joint action plans were addressed. There remained several actions outstanding in respect of these matters. This was raised as a significant governance matter in the 2019/20 AGS action plan. The External Auditor again qualified the 2019/20 value for money opinion on an 'except for basis' in regard to the SEND Written Statement of Actions. In response to the internal audit reports received in this area the Audit & Standards Committee have received a number of up-date reports from the Assistant Director for Education, Strategy, and Improvement.

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 and Strategic Impact: - Requirements Met. This exercise has not been repeated by the Cities and Local Growth Unit in 2020/21. No governance issues have been raised as part of the SSLEP Annual Report 2020-21.

Internal Audit have also undertaken a review regarding the usage of the Core Funding Grant for the LEP and did not identify any significant weaknesses.

SECTION E STANDARDS /OMBUDSMAN REPORTS

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. A further report by the Director for Corporate Services was presented to the Audit & Standards Committee on 13 July 21 covering the period October 2020 to May 2021. 16 complaints were received and concluded. Complaints fall into 4 broad categories: use of social media, failure to respond to correspondence, abuse of power and failure to follow procedures. Where breaches were noted these were classed as lower level and where necessary, referred to the Standards Panel for action. The summary of complaints reported demonstrate the importance of the Council's action in early 2020 to strengthen the Member's Code of Conduct in relation to the use of social media.

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 remedies in a timely manner. The LGSCO Annual Review Letter for 2020/21 was received on 21 July 2021 and there are no major matters from a Formal Report perspective but reference to undertaking remedies in a timely manner was highlighted again. In response, it should be noted that there may be circumstances where individuals fail to respond to the Council in order to facilitate a timely response. The LGSCO closed for eight weeks during the Pandemic resuming operations from June 2020.

A number of whistleblowing issues have been considered by the Monitoring Officer (2 in 2020/21 and non subsequent, to the production of the AGS) and where appropriate will be considered by the Corporate Governance Working Group in due course.

Currently undergoing an external review of the Public Interest Test arrangements. This will provide assurance that the Freedom of Information process is operating effectively.

SECTION F – COVID 19 RESPONSE

The guidance produced by CIPFA in their Bulletin 06 has been used to assess the impact of COVID 19 on the Councils existing governance framework.

The Local Code of Corporate Governance was reviewed in 2020 and 2021 in accordance with the normal timescales and was endorsed by the Corporate Governance Working Group.

In March 2020 the Country experienced a worldwide pandemic from the Coronavirus which created significant challenges for the County Council. A number of changes were made to the governance arrangements supporting the decision-making process as per the following legislation

- The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020
- The Local Authorities & Police and Crime Panels (Coronavirus) Flexibility of Local Authority & Police and Crime Panel Meetings (England & Wales) Regulations 2020.
- Additional guidance provided on running Council meetings was produced by Lawyers in Local Government & Association of Democratic Service Officers.

Additional Governance changes have occurred in response to the challenges as per the following minute extracts which have been approved by relevant Cabinet meetings:

- **Cabinet Meeting - 15 April 2020**

The County Council's Response to COVID-19

Decision – (a) That the progress made to date in responding to the current Coronavirus pandemic be noted.

(b) That the additional government funding of £22.296m be allocated to the 2020/21 revenue budget with authority given to individual members of the Senior Leadership Team (in consultation with the Leader and Deputy Leader where practicable) to incur expenditure (up to a maximum of £2m per item of expenditure) against this budget where it is considered necessary by the Council's Incident Management Team or the Senior Leadership Team (sitting as Gold Command) to address the implications arising from the Covid-19 emergency. Any items of expenditure in excess of £2m will continue to require authorisation by Cabinet in the usual way.

- **Cabinet Meeting - 20 May 2020**

Staffordshire County Council's Response to Coronavirus COVID-19

Decision – (a) That the progress of Staffordshire County Council’s response to coronavirus COVID-19 be noted.

(b) That the Council’s Thanks be formally extended to its staff, care workers and volunteers for their efforts to support the response.

(c) That it be agreed that the additional government grant of £15.4m be allocated to the 2020/21 revenue budget.

(d) That further extra funding of £4.3m from the additional grant to support care providers, as set out in Table 1 to the report, be approved.

(e) That authority be given to individual members of the Senior Leadership Team (in consultation with the Leader and Deputy Leader where practicable) to incur further expenditure from the £15.4m budget up to a maximum of £2m per item of expenditure where it is considered necessary by the Council’s Incident Management Team or the Senior Leadership Team to address the implications arising from the COVID-19 emergency. Any items of expenditure in excess of £2m will continue to require authorisation by Cabinet in the usual way.

• **Cabinet meeting -19 August 2020:**

5. Delegation of authority to issue Directions under the Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations 2020

Decision – (a) That the process for the issuing of direction notices under the Health Protection (Coronavirus, Restrictions) (England) (No.3) Regulations 2020 by Staffordshire Council be approved.

(b) That authority to issue direction notices, restricted to direction notices that do not constitute key decisions, as well as the review of those direction notices, be delegated to the Chief Executive, in consultation with the Director for Health and Care in his capacity as director of Public Health.

(c) That in the event of the Chief Executive not being available for any reason, authority to issue and review direction notices, may be exercised by the Deputy Chief Executive and Director for Children’s Services or the Director for Environment, Infrastructure and Skills, in consultation with the Director for Health and Care in his capacity as director of Public Health.

(d) That in the event of the Director of Public Health not being available, for any reason, the consultation for the issue of the direction shall be deputised to a Consultant in Public Health in accordance with his sub scheme of delegation.

(e) That before issuing notices in accordance with (b) above, the Chief Executive will inform the Leader, Deputy Leader, Cabinet Member for Health, Care and Wellbeing and the Local Member of the intention to issue such notices.

The emergency Regulations 2020 for virtual meetings ceased after 7 May 2021. Since then, Committee meetings with voting members of the Council have reverted to taking place in a “physical” format.

During the pandemic the Council has regularly communicated with key stakeholders and the public regarding its response and keeping the public informed regarding arrangements and support available.

There has been no reduction in the scope of the work of Internal Audit during 2020/21 and therefore sufficient work has been performed to support the production of the Head of Audit annual opinion on the adequacy and effectiveness of the framework of governance, risk management and control.

In addition, 2020/21 is a shadow year for the implementation of the CIPFA Financial Management Code. A high-level self-assessment review has been performed in year to assess the extent to which the Council's financial management arrangements comply with the FM Code and confirmed that there is a high level of conformance with requirements. An action plan is being prepared to strengthen those areas identified, where appropriate. Compliance with the code will continue to be reviewed and refined during 2021/22.

Additional COVID 19 work by Internal Audit has been undertaken as follows:

- a review to provide assurance that decisions made regarding the use of additional funding provided in 2020/21 from Central Government, to deal with the challenges presented by the Covid-19 pandemic were appropriate and in-line with SCC's decision-making processes. It should be noted that SCC has received both ring-fenced and non-ringfenced grants from Central Government which required monthly reporting to the Ministry of Housing, Communities and Local Government (MHCLG) regarding total funding spent. In 2020/2021 the total amount of grant funding (both specific and general) spent and reported to MHCLG was £101,066 million.
- An additional high level reviewed was undertaken regarding the arrangements in place regarding the administration and oversight regarding the specific COVID 19 related grants received during 2020/21. The following are the key conclusions from this exercise:
 - Based upon our high-level review, Internal Audit can give positive assurance over the way in which both the specific earmarked grant funding and the COVID 19 Emergency Funding is being recorded and accounted for as well as the administration and management of the grants allocated and received.
 - Members and senior management should take comfort from the fact that the Council is adopting its '*normal*' tried and tested financial systems and processes along with its current governance framework in which to administer and manage the grant funding allocated and received. This includes adequate financial reporting arrangements to Cabinet on the impact of COVID 19 on the Council's finances.
- A detailed review of the Council's response to the COVID 19 pandemic was undertaken by the Civil Contingency Unit including governance related risks. This report has been considered by SLT/Cabinet and the Audit & Standards Committee. Further work is planned in this area through the recovery group lead by Corporate Services.
- An identification and review of fraud risks relating to COVID 19 was undertaken by Internal Audit. This was subsequently presented to SLT/Audit & Standards Committee and the workforce via Business Brief. This was subsequently supported by additional material circulated to the wider workforce to raise awareness of potential risks via the intranet.

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 overall arrangements for the production and updating of the Corporate Risk Register will change wef 1st October 2021.

Section D

- Our Children's Services are rated 'Good' by Ofsted (2019).
- Positive feedback was received from the Peer Challenge regarding our governance processes.
- The detailed joint action plan prepared in order to address the significant areas of weakness identified as part of the joint Ofsted and CQC inspection of the SEND service is overseen by the Family Strategic Partnership Board. As part of the final accounts process for 2018/19 & 2019/20 the External Auditor issued a qualified (except for) value for money conclusion.

Section E

- The Audit and Standards Committee received the Annual Reports on the management of elected member related complaints. No major issues reported.
- A number of whistleblowing issues (1 related to 2019/20 and none have subsequently been received in 2020) are being considered by the Monitoring Officer and will be considered by the Corporate Governance Working Group in due course.
- The 2020/21 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 July 2021.

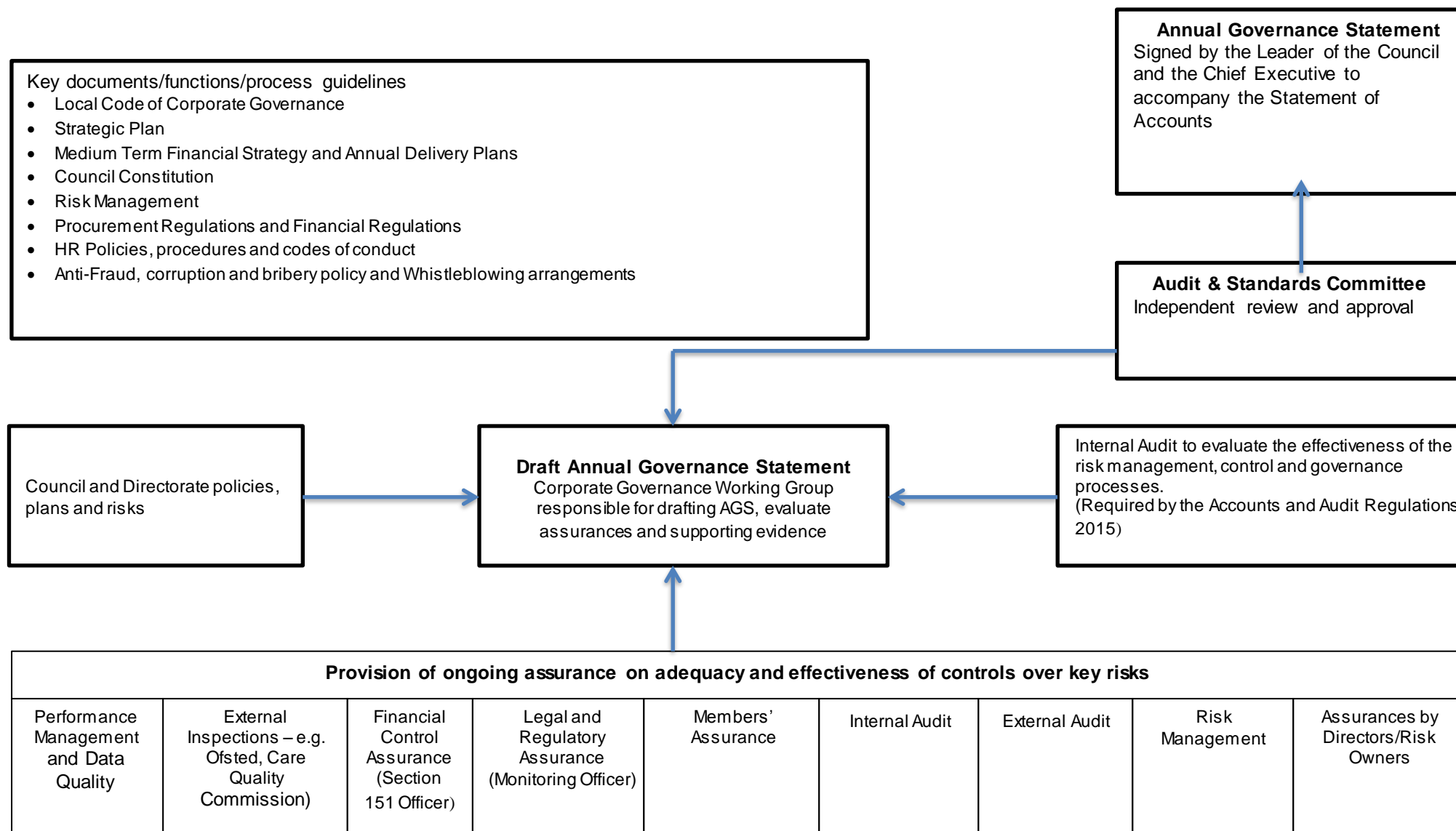
Section F

- A number of Governance changes occurred during 2020 to enable the Council to continue to operate during the pandemic including remote working, decision making and delegations to Directors and budget allocations.
- There were no limitations in scope of the Head of Internal Audit annual opinion and the Code of Corporate Governance was refreshed in accordance with the standard timetable.
- Additional sources of assurance were received from Internal Audit regarding the decision-making process for COVID 19 related monies and

also over the arrangements for accounting and overseeing the additional funding.

- **Fraud related risks arising from COVID 19 have been identified and evaluated.**
- **A review of the response to the COVID 19 initial phase has been conducted.**

THE ANNUAL GOVERNANCE STATEMENT - FRAMEWORK



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. As part of the new risk management system, 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. Controls will be crossed reference to the Audit Universe and evaluated through that process to ensure that they are effective,

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 Code of Corporate Governance Action Plans 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 for 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 & Sub Schemes of Delegation	Officers Code of Conduct
Code of Corporate Governance	Fraud, Bribery and Corruption Policy including the Integrity Policy Statement	Record of Decisions
Committees (Overview & Scrutiny /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	Overview & Scrutiny Committees 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 periodically undertaken with each Committee refresh.	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 Risk Management Software	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	3

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
		'Buddy' support system with nominated Democratic Services officers Monitoring Officer	
Member Training	Member Training	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	Regular 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	E.g. Internal / External Audit inspections, Audit & Standards Committee, Cabinet, Scrutiny Panels, Internal Reviews, Control Self-assessment.

(if available)	
Control Rating	<p>1 (Limited) – The stated control requires major revision and/or there is little evidence of the effectiveness of the control framework.</p> <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>

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 2021/22.”



John Tradewell
Director of Corporate Services
Date: 27th July 2021

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 Public Sector Auditor Appointments (PSAA).